REHABILITATION OF THE BELLE FOURCHE IRRIGATION PROJECT

HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

OF THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

ON

S. 933

A BILL TO AUTHORIZE REHABILITATION OF THE BELLE FOURCHE IRRIGATION PROJECT, AND FOR OTHER PURPOSES

NEWELL, S. DAK., SEPTEMBER 11, 1981

Publication No. 97–41

Printed for the use of the
Committee on Energy and Natural Resources

U.S. GOVERNMENT PRINTING OFFICE
85-239 O WASHINGTON : 1981

S311-78

COMMITTEE ON ENERGY AND NATURAL RESOURCES

JAMES A. McCLURE, Idaho, *Chairman*

MARK O. HATFIELD, Oregon
LOWELL P. WEICKER, JR., Connecticut
PETE V. DOMENICI, New Mexico
MALCOLM WALLOP, Wyoming
JOHN W. WARNER, Virginia
GORDON J. HUMPHREY, New Hampshire
FRANK H. MURKOWSKI, Alaska
DON NICKLES, Oklahoma
JOHN P. EAST, North Carolina
JOHN HEINZ, Pennsylvania

HENRY M. JACKSON, Washington
J. BENNETT JOHNSTON, Louisiana
DALE BUMPERS, Arkansas
WENDELL H. FORD, Kentucky
HOWARD M. METZENBAUM, Ohio
SPARK M. MATSUNAGA, Hawaii
JOHN MELCHER, Montana
PAUL E. TSONGAS, Massachusetts
BILL BRADLEY, New Jersey

MICHAEL D. HATHAWAY, *Staff Director*
CHARLES A. TRABANDT, *Chief Counsel*
D. MICHAEL HARVEY, *Chief Counsel for the Minority*

SUBCOMMITTEE ON WATER AND POWER

FRANK H. MURKOWSKI, Alaska, *Chairman*

MARK O. HATFIELD, Oregon
LOWELL P. WEICKER, JR., Connecticut
MALCOLM WALLOP, Wyoming
DON NICKLES, Oklahoma

JOHN MELCHER, Montana
WENDELL H. FORD, Kentucky
PAUL E. TSONGAS, Massachusetts
BILL BRADLEY, New Jersey

JAMES A. McCLURE and HENRY M. JACKSON are EX OFFICIO Members of the Subcommittee
RUSSELL R. BROWN, *Professional Staff Member*

CONTENTS

	Page
S. 933	3

STATEMENTS

Abdnor, Hon. James, a U.S. Senator from the State of South Dakota	1
Childers, Gary, farmer, Belle Fourche Irrigation District	47
Donaldson, Robert L., president, board of directors, Belle Fourche Irrigation District, accompanied by Harold Skjoldal, project manager; and Mr. Casey, consultant	19
Edwards, Orville, vice chairman, Butte County ASC Committee, Belle Fourche, S. Dak	53
Eichler, Ray, president, Newell Community Club, Newell, S. Dak	43
Erk, Joe, farmer and rancher	52
Fenton, Norman, farmer, Nisland, S. Dak	48
Hansen, John C., Ag. loan officer, First National Bank of the Black Hills, Belle Fourche, S. Dak	35, 37
Helmer, Hon. Robert L., mayor, Belle Fourche, S. Dak	41
Jones, A. W., president, Tri-State National Bank, Belle Fourche, S. Dak	26
Marcotte, Joe, Acting Director, Upper Missouri Region, Bureau of Reclamation, Billings, Mont., accompanied by Jim Rawlings, supervisor, Water and Lands	11
Murkowski, Hon. Frank H., a U.S. Senator from the State of Alaska, as presented by Russell R. Brown	8
Neufeld, Warren R., secretary, Department of Water and Natural Resources, State of South Dakota	9, 11
Olde, Ron	53
Pressler, Hon. Larry, a U.S. Senator from the State of South Dakota, as presented by Darrell Sawyer	8
Roberts, Hon. Clint, a U.S. Representative from the State of South Dakota	7
Smeenk, Bill, landowner, Newell, S. Dak	44, 45
Vallery, R. Thornton, secretary treasurer, Belle River Pumpers Association	49
Walker, Bruce, National Bank of South Dakota, Sturgis, S. Dak	40
Wennberg, Floyd, vice president, Northwest South Dakota Production Credit Association, Belle Fourche office	34
Wetz, Kenneth, member, Board of City Commissioners, Newell, S. Dak	25
Wheeler, John, manager, Butte Electric Cooperative, Newell, S. Dak	46
Winkler, David, chairman of the Butte County Weed Board, president of the Butte County Crop Improvement Association, Butte County Conservation District supervisor, and Butte County Extension Board member	51
Zell, Robert, assistant vice president, Federal Land Bank Association of Rapid City, S. Dak	34

APPENDIX

Additional material submitted for the record	55

REHABILITATION OF THE BELLE FOURCHE IRRIGATION PROJECT

FRIDAY, SEPTEMBER 11, 1981

U.S. SENATE,
SUBCOMMITTEE ON WATER AND POWER,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Newell, S. Dak.

The subcommittee met, pursuant to notice, at 1 p.m., in Newell City Hall, Newell, S. Dak. Hon. James Abdnor, presiding.

Present: Senator Abdnor.

Also present: Russell R. Brown, professional staff member.

OPENING STATEMENT OF HON. JAMES ABDNOR, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator ABDNOR. We will call the subcommittee to order.

It's a real pleasure and a great honor for me to be here with my good friends, irrigators on the Belle Fourche project, to at long last receive official testimony in support of Senate bill 933, to authorize the project.

I'm sorry it is not possible for Chairman Frank Murkowski to be with us today, but the irrigation district leadership and I will be meeting informally with him tomorrow in Pierre.

But today we are going to build a formal record in support of enactment of Senate bill 933, and I am grateful to Chairman Murkowski for authorizing me to conduct an official hearing of the Subcommittee on Water and Power, which has jurisdiction over the bill.

For the record, Congressman Roberts has introduced an identical bill in the House, and our bills have the cosponsorship of our colleagues. And Senator Pressler and Congressman Daschle have cosponsored the legislation. They would all have liked to have been here today, but we are still in session. I am the one that played hooky, I guess, and stayed here to make sure we had a hearing. But as it is—they are here with us in their thoughts; they have representatives here, which we will be introducing in a little while.

The delegation believes that reauthorization of the Belle Fourche project deserves a high priority, and Governor Janklow agrees. The Governor's representative, Secretary Warren "Bob" Neufeld, will present testimony on the Governor's behalf.

And I would like to acknowledge the presence of the Acting Regional Director of the Bureau of Reclamation, Joe Marcotte, and we are very pleased that he and his people would come out today

and be a part of this meeting and this hearing. He has been authorized to respond to questions on behalf of the Department of Interior. So we will be hearing from Mr. Marcotte in a little while.

We are going to hear from Bob, and then we are going to ask Mr. Marcotte to brief us on the work the Bureau believes is necessary at the project. But before we do that, I want to commend the members of the Belle Fourche Irrigation District Board and their able manager for the active and forthright way they have conducted the business of the district. They have been a real pleasure for me and my office to work with, at a time when South Dakota water development issues have been marked by conflict and controversy.

Our efforts have been long, starting from my earliest days in the House of Representatives, and sometimes it has seemed as though our goal—that is, complete renovation of the project—is out of reach. We still today have great hopes now.

We were successful, though, in achieving a replacement of the spillway and repair of the face of the dam; and I assure you that I am dedicated to seeing the task completed. The budget has never been tighter, and reauthorization of the project will not be easy. We don't want to kid you.

If there is any way, however, I am going to see to it that the necessary work is done.

At this point, I am going to put the text of my bill into the hearing record.

[The text of S. 933 follows:]

II

97TH CONGRESS
1ST SESSION

S. 933

To authorize rehabilitation of the Belle Fourche irrigation project, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 8 (legislative day, FEBRUARY 16), 1981

Mr. ABDNOR (for himself and Mr. PRESSLER) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

---

A BILL

To authorize rehabilitation of the Belle Fourche irrigation project, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the general plan for the Belle Fourche project, South Dakota, heretofore authorized for construction by the Secretary of the Interior, May 10, 1904, pursuant to the Reclamation Act of 1902 (32 Stat. 388), is modified to include construction, betterment of works, water conservation, recreation, and fish and wildlife conservation and development. As so modified, the general plan is reauthorized under the desig-

nation "Belle Fourche unit" of the Pick-Sloan Missouri Basin program.

SEC. 2. (a) The Secretary of the Interior (hereinafter referred to as the "Secretary"), is authorized to negotiate and execute an amendatory repayment contract with the Belle Fourche irrigation district covering all lands of the existing Belle Fourche project. This contract shall replace all existing contracts between the Belle Fourche irrigation district and the United States.

(b) The period or repayment of the construction and rehabilitation and betterment costs allocated to irrigation and assigned to be repaid by the irrigation water users shall be not more than forty years from and including the year in which such amendatory repayment contract is executed.

(c) During the period required to complete the rehabilitation and betterment program and other water conservation works, the rates of charge to land class in the unit shall continue to be as established in the November 29, 1949, repayment contract with the district, as subsequently amended and supplemented; thereafter, such rates of charge and assessable acreage shall be in accordance with the amortization capacity and classification of unit lands as then determined by the Secretary.

SEC. 3. (a) All miscellaneous net revenues of the Belle Fourche unit shall accrue to the United States and shall be

applied against irrigation costs not assigned to be repaid by irrigation water users.

(b) Construction and rehabilitation and betterment costs of the Belle Fourche unit allocated to irrigation and not assigned to be repaid by the irrigation water users nor returned from miscellaneous net revenues of the Pick-Sloan Missouri Basin program within fifty years from and including the year in which the amendatory contract authorized by this Act is executed.

SEC. 4. (a) The provision of lands, facilities, and project modifications which furnish recreation and fish and wildlife benefits in connection with the Federal Water Project Recreation Act (79 Stat. 213), as amended.

(b) The interest rate used for purposes of computing interest during construction and interest on the unpaid balance of the capital cost allocated to interest-bearing features shall be determined by the Secretary of the Treasury as the beginning of the fiscal year in which construction of said interest-bearing features is initiated, on the basis of the computed average interest payable by the Treasury upon its outstanding marketable public obligations, which are neither due nor callable for redemption for fifteen years from date of issue.

SEC. 5. Appropriations heretofore or hereafter made for carrying on the functions of the Water and Power Resources Service shall be available for credits, expenses, charges, and

85-239 O - 81 - 2

costs provided by or incurred under this Act. The Secretary is authorized to make such rules and regulations as are necessary to carry out the provisions of this Act.

SEC. 6. The limitation of land held in beneficial ownership within the project by one owner, which are eligible to receive water from, through, or by means of project works shall be four hundred and sixty acres of class I land with an equivalency of 110 per centum for class II land, 125 per centum for class III land, and 140 per centum for class IV land. Acreage may be adjusted upward by the Secretary of the Interior if he determines such adjustments are warranted by changing economic conditions.

SEC. 7. There is hereby authorized to be appropriated for the rehabilitiation and betterment of the irrigation facilities of the Belle Fourche unit and recreation and fish and wildlife measures as authorized by this Act, the sum of $42,000,000 (based on January 1981 prices), plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction cost indexes applicable to the types of construction involved herein.

O

Senator ABDNOR. I would like to acknowledge the fact that Senator Murkowski has sent his top staff man from the subcommittee in Russ Brown, in which I am very grateful that he is here today, and we are extremely happy to have interest on the part of Congressman Clausen, who is the ranking minority of the same subcommittee in the House. And when I spoke to him at one of my water hearings in Vancouver, Wash., he very much wanted to make it, but he couldn't, of course; we are still in session. But he did the next best thing; he sent Mr. Rogers—Jim Rogers, his staff man of the committee.

So we are extremely grateful for that. And I said many times, sometimes I would rather have the head staffers out here than Members anyway, because they are the ones that have to do all the work on the bill, and so I know that Russ has seen a lot of Belle Fourche Irrigation project. And I think that is great, that he will have a firsthand feel and understanding of what we are talking about.

Well, we are going to start out our witness list. I am going to call on Darrell Sawyer, who is here representing Senator Larry Pressler, cosponsor of the bill and who very much wanted to be here, but again, somebody had to be in session.

And before you start out, Darrell, I want to say Terry Trask is here representing Clinton Roberts, who brought his statement. Clint had every intention of being here if he could have gotten away today. He was going to play hooky, too, but I think he felt he had to stay. But Terry brought us a statement from him, and that's going to be entered into the record in its entirety. And I thank you. Do you want to stand up, Terry, so they can at least see who you are?

This is Terry Trask from Congressman Roberts' office.

[The prepared statement of Congressman Roberts follows:]

STATEMENT OF HON. CLINT ROBERTS, A U.S. REPRESENTATIVE FROM THE STATE OF SOUTH DAKOTA

Mr. Chairman, although I am unable to appear at this hearing in person, I appreciate the opportunity to testify before the Senate Energy and Natural Resources Subcommittee on Water and Power, on S. 933/H.R. 3164, which would reauthorize the Belle Fourche irrigation project under the Pick-Sloan plan. I fully support this legislation to rehabilitate the needed Belle Fourche irrigation system.

On April 8, 1981, I introduced H.R. 3164, the companion bill to S. 933, and this legislation enjoys the sponsorship of all four members of the South Dakota delegation, emphasizing the importance the project has within the wide picture of South Dakota water development.

On Saturday, August 29th I toured the irrigation facilities between Newell and Nisland as well as Orman Dam to examine the existing project and its vital needs. It was clear to me from that inspection that the project requires a major rehabilitation.

The Secretary of the Interior authorized construction of the Belle Fourche Project on May 10, 1904, under the original Reclamation Act. Rehabilitation and betterment construction was accomplished from 1950 to 1953. It consisted of replacement of the valves in outlet works of the dam, replacement of major structures in canals and laterals, and improvement of the drainage system.

The project is to the point of needing major rehabilitation again. Between 40 percent and 50 percent of the transported water is lost to seepage and evaporation. S. 933/H.R. 3164 would reauthorize the project under the Pick-Sloan Missouri Basin Plan for study of the specific improvements. These improvements are needed to make the Belle Fourche irrigation system efficient to conserve the precious little water we have in Western South Dakota and promote a stable economy in the area.

The irrigation district has worked diligently with Senator Abdnor in the past on this legislation. Today's hearing has offered a chance to move forward with

water development in South Dakota. I urge the Subcommittee to join in this spirit and report S. 933 to the Full Committee so we can begin to revitalize this area of South Dakota.

Senator ABDNOR. All right, Darrell, I would be happy to hear from you.

STATEMENT OF HON. LARRY PRESSLER, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA, AS PRESENTED BY DARRELL SAWYER

Mr. SAWYER. Thank you. I would just like to read a short statement for the record on behalf of Senator Pressler. As Senator Abdnor mentioned, Senator Pressler is unable to be here today; however, he will be testifying at the water hearing tomorrow in Pierre.

I'll read a short statement from Senator Pressler.

I would first like to thank the Committee for coming out to Newell to hold these field hearings and also commend you for holding these hearings on Senate Bill 933, a bill to rehabilitate the Belle Fourche Irrigation Project, which I have cosponsored.

Western South Dakota has a great potential for increased farm production with expanded irrigation. The benefits of irrigation are illustrated by the success of the Belle Fourche Irrigation Project.

Since the completion of the project in 1908, agricultural production has been greatly increased in Butte and Meade counties, but the project has become outdated and needs to be modernized. Presently, the project lacks many safety features and a great deal of water is lost to seepage and operational waste.

The bill before you today, S. 933, would authorize the rehabilitation of the Belle Fourche Irrigation Project and reauthorize the project as a unit of the Pick-Sloan Missouri Basin Project. The rehabilitation of the project would provide a reliable water source to the 56,000 acres served and reclaim land lost to seepage. The project would also reduce maintenance costs by $30,000, and provide needed safety features to protect workers at the project.

In closing, I would like to ask that you take the long history and success of this project, along with the many benefits of the project into account when you consider the legislation. I would also urge you to take rapid and favorable action on this bill.

Mr. SAWYER. Thank you.

Senator ABDNOR. Thank you, Mr. Sawyer. We are happy to hear from you.

I have already overlooked something. As I said, Mr. Brown is here; he is a head staffer directly accountable to Senator Murkowski. The Senator sent a brief statement that he put together that he would like read into the record, and at this time, I am going to call on Russ Brown.

STATEMENT OF HON. FRANK H. MURKOWSKI, A U.S. SENATOR FROM THE STATE OF ALASKA, AS PRESENTED BY RUSSELL R. BROWN

Mr. BROWN. Thank you, Senator.

Ladies and gentlemen, I sincerely regret that I am not able to be here this afternoon in Newell to hear your testimony regarding S. 933 and the Belle Fourche Project. I am grateful to Senator Abdnor for his courtesy in being present during my absence, and I want to assure you that the record assembled today will receive my closest attention and that of members of the Committee. I should point out that the hearing record will remain open for two weeks should any of those present wish to submit additional information, or if anyone not here today wishes to submit a statement.

I realize that many of you have taken time from your busy farming or business schedules to testify before the subcommittee, and your efforts are sincerely appreciated. I am familiar with the record of hard work and perseverance that has been established by the people of the Belle Fourche Project, and I wish to assure you that S. 933 and your remarks will be carefully considered.

Mr. BROWN. This statement is read into the record on behalf of Senator Frank Murkowski, chairman of the Subcommittee on Water and Power. Thank you, Senator.

Senator ABDNOR. Thank you, Mr. Brown.

Our next and our first official witness to kick this off is Warren Neufeld, secretary to the South Dakota Department of Water and Natural Resources. And we are happy to have Bob with us, and I just want to say that back in Washington circles, he is considered as one of the finer people in water representing the various States. He has a fine reputation back there. We have him back for numerous hearings, and we are waiting to hear from Mr. Neufeld today.

STATEMENT OF WARREN R. NEUFELD, SECRETARY, DEPARTMENT OF WATER AND NATURAL RESOURCES, STATE OF SOUTH DAKOTA

Mr. NEUFELD. Thank you, Senator Abdnor. Mr. Brown, nice to see you again.

I am here to state the Governor's unqualified support for the rehabilitation betterment of the Belle Fourche project. I have a formal statement that I submitted copies of for the record, and I will be just very brief here because there are a lot of other people that want to testify, and I think certainly it's more important to hear from the people in the local area than me. You can call me up on the phone any time and find out what I want to say. It's very important to hear what these people have come here to say.

Senator ABDNOR. Without exception, your entire statement will be placed in the record.

Mr. NEUFELD. Just briefly, Mr. Chairman, I would like to state that irrigation is something that we feel on a statewide basis is something that needs to occur in order to stabilize the State's economy. We have lost, as you know, 537,000 acres to the mainstem dams in this State.

It's important to stabilize the livestock economy of this State; 70 percent of the agricultural receipts of our farmers in this State come from livestock sales and not from crops. That's an important factor.

One particularly interesting fact, I think, when you compare what irrigation can do for an area, is, if you look at the State's economy as a whole compared to that of Butte County during the period of the last few droughts, when South Dakota cattle numbers dropped seriously from 1974 to 1976. If you look at the numbers, from 1974 to 1978, South Dakota, all cattle numbers decreased by 25 percent.

Beef cows that calved decreased by 30 percent, and hog numbers decreased by 27 percent. That's a fairly large hit taken by the largest cash-producing segment of our agricultural economy.

If you look at Butte County in contrast, however, where the Belle Fourche project produces most of the corn and other livestock feed, all cattle decreased by only 6 percent during that same drought

period. Beef cows decreased only by 13 percent as opposed to 30 percent for the State as a whole, and hog numbers actually increased by 11 percent.

We feel that the impact of the Belle Fourche irrigation project in this area had a great deal to do with stabilizing the livestock economy in the area. Again, as I stated, this is especially important when you consider that over 70 percent of South Dakota's farmers' total cash receipts are from the sale of livestock.

The impacts of drought in this State have been disastrous. The Farmers Home Administration estimated that the impact to our economy in 1976 was $1 billion from drought impact, and $600 million again in 1980.

The rehabilitation of the Belle Fourche project will continue to provide a buffer against disastrous effects of drought in Butte County and a large portion of western South Dakota.

The project was recommended by the State board of water and natural resources, and was approved by the legislature and Governor for inclusion in the State water resources management system. And for those of you who aren't familiar with that system, it represents the preferred priority objectives for obtaining water management and development in the State of South Dakota.

Since that time, Governor Janklow has taken 10 projects out of that system which he feels will represent a significant step forward in Federal involvement in water development in this State, and the Belle Fourche rehabilitation and betterment is one of those projects.

The irrigation district has, as I see it, two options for rehabilitation of this project. One is the Rehabilitation and Betterment Act of 1949; and the other one would be reauthorization as provided in S. 933 under the Pick-Sloan program.

We feel, of course, that the opportunity to reauthorize the project under the Pick-Sloan Act is the best option, and for that reason, we support 933.

Mr. Chairman, I am going to conclude my remarks right now and be ready to answer any questions that you feel are necessary, and state once again that we see that there is no other option for maintaining a viable livestock economy in this area other than the rehabilitation and betterment of the Belle Fourche project.

[The prepared statement of Mr. Nuefeld follows:]

STATEMENT OF

WARREN R. NEUFELD
SECRETARY

DEPARTMENT OF WATER AND NATURAL RESOURCES
STATE OF SOUTH DAKOTA

ON S 933

BEFORE THE
SUBCOMMITTEE ON WATER AND POWER
COMMITTEE ON ENERGY AND NATURAL RESOURCES

UNITED STATES SENATE

SEPTEMBER 11, 1981

Mr. Chairman and members of the Committee, my name is Warren Neufeld. I am the Secretary of the South Dakota Department of Water and Natural Resources and I appreciate the expense and time that you and other members of the Committee have taken to come to South Dakota. I would like to thank the Committee for this opportunity to address this most important and timely issue.

The Belle Fourche Irrigation Project is one of the first irrigation projects constructed by the reclamation service, now the Bureau of Reclamation. Following the passage of the Reclamation Act of 1902, an investigation of the project area was made and authorization was received in 1904 at an estimated cost of about $2,400,000. Construction started in 1905, by 1908, 12,000 acres of land were being served through a temporary canal, and the project was completed by 1914.

The project was designed and constructed at a time when evaluation and construction standards were not rigid, which is realized when you review the dates of project conception, 1903, and the start of project construction in 1905. The materials and equipment used to build the dam are obsolete by today's standards; for example, unreinforced concrete that is not resistant to freeze-thaw, wooden flumes, unlined canals and hand operated gates were used. Many of the structures and facilities have served their expected useful life and are now in need of renovation or replacement. These obsolete facilities have caused the operation and maintenance costs of the project to increase as the years pass by.

There are many detailed engineering problems for which the project should be rehabilitated and modernized. I am concerned, however, that the farmers and businessmen in the area have become dependent on an economy based on the Belle Fourche Project. Without the project, much of the land would have to revert back to pasture and hay and would not be as productive as land under irrigation. There is no alternative feed source to support the cattle and hogs presently fed in Butte County. One particularly interesting fact, when South Dakota experienced drought from 1974 to 1976, cattle numbers dropped dramatically. From 1974 to 1978 in the State all cattle decreased by 25%, beef cows that calved decreased by 30% and hog numbers decreased by 27%. However, in Butte County where the Belle Fourche project produces most of the corn and other livestock feed, all cattle decreased by only six percent, beef cows decreased by 13% and hogs numbers increased by 11%. These figures show the significance that a stable feed supply can have or livestock production. This is especially important when you consider that over 70% of South Dakota farmers' total cash receipts are from the sale of livestock. The impacts of drought in this State have been disastrous. The Farmers Home Administration estimated that the losses caused by drought were $1 billion in 1976 and $600 million in 1980. The rehabilitation of the Belle Fourche project will continue to provide a buffer against disastrous effects of drought in Butte County. The Belle Fourche project was recommended by the Board of Water and Natural Resources and approved by the Legislature and Governor for inclusion in the State Water Resources Management System (SWRMS) during the 1981 legislative session. The following quote explains the purpose of the State Water

85-239 O - 81 - 3

BEST COPY AVAILABLE

Resources Managment System. (From SDCL 46-17A-15). ..."to serve as the preferred, priority objectives and guidelines for all efforts to accomplish optimum water resources management in this state." Since the approval of the project into the State Water Resources Management System by the Legislature, several positive steps have been taken to advance the development of the Belle Fourche Project and the balance of the projects in the system. The Department of Water and Natural Resources as directed by the Board of Water and Natural Resources has been evaluating these projects and developing implementation strategies (or critical funding paths) for those projects that are feasible, have had support, and are ready for funding.

Governor Janklow supported the study and/or development of ten water projects in the State through various funding mechanisms during a speech given in Huron on August 13. These projects were selected based on recommendations from the six conservancy subdistricts and evaluations made by the Department of Water and Natural Resources. The Belle Fourche Rehabilitation and Modernization project was one of the projects recommended by the Governor to proceed to obtain Federal authorization and appropriations for construction. This hearing provides the forum for requesting that authorization and gives you the opportunity to observe first-hand how much these people want and deserve their project.

The Belle Fourche Irrigation District has two options to obtain the funds necessary to rehabilitate the project. One option would be to use the Rehabilitation and Betterment Act of 1949. This option would only finance a third of the required 30 million dollars. The project's

ability to repay the loan, limits the Irrigation District to that amount. The second option would be reauthorization under the Pick-Sloan Missouri Basin program. There are several logical reasons for this alternative. One, the project is located in the Missouri River Basin and the Belle Fourche River contributes water to the operation of the four mainstem dams in South Dakota. Two, the project was not included under the Pick-Sloan Act of 1944 to have its irrigation development costs be repaid by power revenues because the project was operational and did not require additional funding or need power revenues at that time. The Belle Fourche project was, however, identified in the Act to receive supplemental water for irrigation from the Keyhole Reservoir under the Pick-Sloan Plan. Three, about forty years have passed since the passage of that Act, and the Belle Fourche project has deteriorated substantially and now needs revenue from power generation to restore its effectiveness. Normally, this would have an impact on the Pick Sloan Missouri River power rate since this would add to the financial assistance required for other irrigation projects. However, the irrigation development scheduled to be built as well as the allowances made for possible future irrigation development have not been realized. We believe, therefore, the existing power rate is adequate to include repayment of approximately two-thirds of the Belle Fourche project.

From a state perspective, this proposal maintains a water development project similar to what we have been requesting for many other areas of the State. We can ill afford to lose the products that are grown on this project especially in this region of the State. No other viable alternative exists. Thus, I ask you to report to the full Senate

committee and the Senate and recommend that they reauthorize and fund this project as proposed in Senate Bill 933.

The State supports Senate Bill 933 with a few changes in the wording. Subsection 4(a) must be amended to clarify the intent of that subsection. Section 6 is a reasonable request that has been given in various forms to many western irrigation projects throughout reclamation history. However, some wording may be added to ensure that the increases in acreage limitations passed in a new reclamation act be allowed for the Belle Fourche Irrigation Project. The Bill, as a whole, provides for the necessary latitude to rehabilitate and modernize the project.

Again, I thank you for coming to South Dakota and listening to our testimony and requests.

c92401rp

BEST COPY AVAILABLE

Senator ABDNOR. Mr. Neufeld, I don't have any questions. Your very fine testimony is going to be very important testimony for the record. I am sure the statistics you brought out and your expertise in this field is very much appreciated.

We do thank you for your appearance here today.

Mr. NEUFELD. Thank you, Senator.

Senator ABDNOR. I am going to call on Mr. Joe Marcotte, who is the Acting Director of the Upper Missouri Region, Bureau of Reclamation. They need his expertise, I think, to set out for the record where we are and what needs to be done and just an overview of the whole subject here.

Mr. Marcotte, we are particularly impressed and pleased that you were able to be out here for this today. It's a long way off from Billings. We're glad you think this is an important enough hearing to have people like you here. So we are appreciative of it, and we are waiting to hear from you.

STATEMENT OF JOE MARCOTTE, ACTING DIRECTOR, UPPER MISSOURI REGION, BUREAU OF RECLAMATION, BILLINGS, MONT.; ACCOMPANIED BY JIM RAWLINGS, SUPERVISOR, WATER AND LANDS

Mr. MARCOTTE. Thank you, Senator.

The first thing I would like to do is introduce Jim Rawlings. He is our supervisor of water and lands. He played a very important role in developing this plan of study.

As you know, the Bureau of Reclamation has been involved with the Belle Fourche project since it was originally constructed, and continuously since that time. We are well aware of the status of the facility and the fact that it does need repairing.

So I will briefly recap what we have evaluated is proposed to be done. The proposed rehabilitation and betterment program would replace or repair the diversion dam and canal headworks located on the Belle Fourche River with a modern, partially automated structure.

Channel prism reshaping and protection would be carried out on most of the carriage and distribution systems. In the canals, riprap would be placed in curves to provide for enbankment stability and for elimination of erosion.

Approximately 32 miles of canals and large laterals would be lined with compacted earth lining or plastic membrane. About 15.5 miles of concrete slipform lining, 4 miles of plastic membrane lining, and 4.5 miles of pipe would be used on smaller laterals.

Other earthwork would include reshaping and widening the canal and lateral banks to serve as O. & M. roads. Approximately 228 miles of gravel surfaced service roads would be constructed with fencing, autogates, tree removals, and seeding included. Water control structures to be replaced in the canals and laterals include 354 checks, 996 turnouts with measuring devices, 10 wasteways, and 4 siphons.

We estimate the time to complete the rehabilitation and modernization of the Belle Fourche project would be 15 years, and the total cost, including noncontract costs, such as design and administration, is estimated to be $31 million in January 1978. Now, we do have some updated figures on that we can provide.

BEST COPY AVAILABLE

Of this amount, $200,000 is included for fish and wildlife mitigation measures.

That generally concludes the items that we would do. We would be pleased to respond to any questions you may have.

Senator ABDNOR. Thank you, Mr. Marcotte. How come—would there be a lot of litigation on this from wildlife? What would we be doing that we were not doing before that should——

Mr. MARCOTTE. One of the interesting things as you develop a project such as this is to remove canal seepage, and so on, wet lands occur along canals, and you get marsh areas, and that sort of thing. And those have wildlife value.

We are advised by people at the U.S. Fish and Wildlife that those are now a part of the existing environment, and it is important that we accomplish some mitigation.

Senator ABDNOR. Thank you. I didn't realize that. Let me ask you while we are talking about that, if the project was carried through, would there be quite a savings in the water usage?

Mr. MARCOTTE. That is correct. We estimate that there would be about 20,000 acre-feet of water saved.

Senator ABDNOR. Out of how much is used? I am just trying to put in percentages, I guess.

Mr. MARCOTTE. Approximately 160,000 acre-feet.

Senator ABDNOR. Is used by the project in the course of the year?

Mr. MARCOTTE. That's correct.

Senator ABDNOR. Is it true that there is a precedent in the Riverton unit for what we are trying to do now for the Belle Fourche project?

Mr. MARCOTTE. A very similar precedent. The Riverton project was authorized as a part of the Pick-Sloan plan and is undergoing modernization at this time.

Senator ABDNOR. Are you pleased at what's taken place with the project at Riverton?

Mr. MARCOTTE. We get very positive feedback from those people in the Riverton area as to what's taking place.

Senator ABDNOR. Anything we go into for construction, it takes a long period of time, Mr. Marcotte. I run into this: I'm chairman of the Water Resources Subcommittee of the Public Works Committee, and I know it's nothing to take 25 years by the time you talk about a project until you get it done. I believe you said 15 years on this project.

Is there any way this could be expedited if we really got it moving or approved and ready to go?

Mr. MARCOTTE. I am certain that if it were funded, that it could—that time period could be reduced.

Senator ABDNOR. Thank you, Well, I believe that's all the questions I have. And again, let——

Mr. MARCOTTE. May I correct one figure that I offered you, Senator?

Senator ABDNOR. Yes.

Mr. MARCOTTE. Regarding the quantity of water that we identified that would be used normally, and I said 160,000 acre-feet. That would be about 116,000 acre-feet.

Senator ABDNOR. That's better. I thought there were supposed to be more savings there. And I think that's very important. We are

happy to have that for the record. And also, again, I can't express our appreciation for coming out today and testifying and helping us with the bill. Thank you.

Our next gentleman we are going to call on is Robert Donaldson. He is president of the Belle Fourche Irrigation District, accompanied by Harold Skjoldal, who is project manager, and Mr. Casey, their consultant.

Gentlemen, would you care to come to the front?

Again, your entire statements will be placed in the record. You can take it from there in any order you want to, Bob. We'll turn it over to you.

STATEMENT OF ROBERT L. DONALDSON, PRESIDENT, BOARD OF DIRECTORS, BELLE FOURCHE IRRIGATION DISTRICT; ACCOMPANIED BY HAROLD SKJOLDAL, PROJECT MANAGER; AND MR. CASEY, CONSULTANT

Mr. DONALDSON. Mr. Chairman, for the record, my name is Robert L. Donaldson. I am president of the board of directors of the Belle Fourche Irrigation District. My testimony today will represent the official position of the irrigation district as established by its board.

At the beginning, let me say how pleased we are to have the subcommittee visit our community and our project and to give us the opportunity to familiarize you with our problems and our needs. We hope that when you leave here today, that you will have gained a clearer picture of what needs to be done with the Belle Fourche project, and what the pending program will do for the community, and for that matter, the entire region of western South Dakota.

The Belle Fourche Irrigation District, through contract with the Secretary of Interior, operates the Belle Fourche project, constructed by the Bureau of Reclamation shortly after the turn of the century. The district, also as a matter of contract, has undertaken to repay certain costs of construction incurred in building and rehabilitating the project over the several decades since water was first delivered. I will return to this subject in some detail later in this statement.

Mr. Chairman, the Belle Fourche project is one of the oldest projects constructed under the Federal Reclamation Act of 1902. It was approved and authorized for construction in 1904; was built during the period 1905 to 1914, with the first public lands opened for entry in 1907, and the first project water delivered in 1908. So you can see that there are some project facilities that have been in service for almost 75 years, and the entire project has been operational for almost 70 years.

The major facilities of the project consist of a diversion dam on the Belle Fourche River about 2 miles northeast of the city of Belle Fourche; a supply canal extending from this diversion point to the Belle Fourche Reservoir, an impoundment created on Owl Creek by Orman Dam.

This reservoir has a regulatory capacity of 185,000 acre-feet, and discharges water into the North Main and South Main Canals for distribution to the irrigable lands of the district.

This is accomplished through a series of unlined laterals and subcanals. In total, the project comprises 94 miles of main canal, 450

miles of open unlined laterals, 225 miles of open drains, and 7 miles of covered drains.

This system serves about 57,100 acres of land operated by approximately 389 different farmer water users. This includes delivery of water to about 2,400 acres of land situated adjacent to the supply canal between the diversion dam and the storage reservoir.

The project was originally built as a single-purpose irrigation project and only provides fish and wildlife, recreation and flood control benefits in a minor and incidental way.

The Belle Fourche project is the backbone of the livestock industry in Butte and surrounding counties of South Dakota. Despite the limited quality of some of the irrigable lands, the project provides the forage and pasture base for sustaining livestock herds during periods of low and natural rainfall.

Without this hay base, our entire economy would be occasionally strapped far worse than it has been the case in the past.

Accordingly, we believe that there is an almost desperate necessity to put the project back on its feet so to enable it to do the things that a modern, well-designed irrigation project is capable of doing.

Let me now discuss our problems and their origins. When this project was built, the work was accomplished with horse-drawn equipment, and the assumption was evidently made that it would be maintained in the same way.

Operating roads and access to major structures was not provided, and to this day is not adequate. There is only one factor of high maintenance cost brought about by crews spending more time getting to the job than it often takes to perform the work after they get there.

A far more significant problem lies in the facilities themselves. They are, simply stated, worn out. This is no condemnation of the original design and construction standards, for at the time they were built, they were then the state of the art.

But 75 years is a very long time for unreinforced concrete, wood, and metal to survive the elements. Also, the project was built before the engineering profession understood that certain adverse reactions between cement and aggregates happened over time to weaken and destroy concrete structures.

Also, our channel prisms have become either silted or eroded to the extent that they are hardly recognizable as canals and laterals. In the inlet canal, we have suffered such a diminishing of capacity that we are prevented from diverting substantial quantities of water from the Belle Fourche River in times of adequate flow in that stream.

In other situations, the absence of lining has contributed to excessive seepage losses from canals and laterals. In other instances, scouring of ditch bottoms has allowed the lateral to penetrate highly pervious materials, and there are actually some places where it's almost impossible to get water from one end of the lateral to the other.

Finally, the project is almost totally without adequate control mechanisms. We have few, if any, competent measuring devices for determining the extent and timing of water releases, and this makes for much trouble in system management.

We realize that the question can be asked, and will be asked: How did the project facilities get so badly run down? The question can also

BEST COPY AVAILABLE

be asked: If it were not the irrigation district's responsibility to keep the project in good condition?

In response to such questions, I can only say that it didn't happen all at once. This has gradually come on us over almost 75 years. Each year we devote all of our income, over and above mandatory payments to the United States, to the most pressing maintenance problems, such as emergency repairs of key structures, fixing canal breaks, and so forth.

While we are putting out these fires, the rest of the system deteriorates a little more. It is our sincere conviction that this project cannot ever be restored to a satisfactory operating condition through annual assessments of the water users, even if we had a total moratorium on our construction payments over a number of years.

The only thing that will get the job done in general is overall upgrading of the project facilities, both from the point of view of introducing modern design concepts and the use of modern construction materials.

In short, the board of directors of the Belle Fourche Irrigation District supports a program of rehabilitation similar to that described in the draft report of the Bureau of Reclamation dated September 1979.

That report presented a plan at an estimated cost of $31 million to put our project in a completely up-to-date shape. Now it may well be that inflation has increased the estimated cost by another $8 to $10 million, and by the time we can get it built, it may be even more.

In repayment of this amount, the irrigation district would be expected to apply its total revenue sources after defraying the cost of operation and maintenance.

We would expect to be tendered an amendatory repayment contract which would supercede all our existing contracts and which would provide for us to pay in accordance with our payment capacity, as determined by the Secretary of Interior, for a new contract term as specified by the enabling legislation.

To the extent that these payments would not return the total Federal construction cost, we believe that access to the Pick-Sloan Missouri Basin power revenues should be authorized.

In short, Mr. Chairman, what we are asking is that legislation be enacted to put our project on an equal physical and financial footing with new projects being built today by the Bureau of Reclamation. To do any less than a total rehabilitation means that we shall sit by and watch further dererioration of the physical facilities until the point is reached that the project is no longer operable.

If this should occur, we should see the economic foundation of much of the northwestern South Dakota livestock enterprise disappear, and along with it, corresponding losses of business and income from the secondary sector in nearby trade centers.

In making this request, we have not lost sight of what is going on in our Federal Government. We pretty well understand the President's economic program, and we support that program.

We also understand his determination to balance the Federal budget. Some of our people have asked why we are trying so hard

85-239 O - 81 - 4

BEST COPY AVAILABLE

to get this legislative authorization when we can never get the project funded.

The answer to this question is that we certainly won't get the work funded until it is authorized, and we are essentially taking the matter one step at a time. We don't really expect funding in the next year or two, but we have confidence in the things that are being undertaken to balance the budget, and we have every expectation that our delegation will see to it that the funds are provided in a timely manner.

Mr. Chairman, I think that it is proper for me to point out that we have been trying for several years to get the Bureau of Reclamation interested in our problem here at the Belle Fourche project.

Finally, we were successful in getting the September 1979 draft report prepared, and we appreciate the effort that has gone into identifying the physical needs of the project.

It has been a disappointment to us, however, that there has been little or no effort on the part of the Bureau to move toward authorization of the needed work. The Bureau people seem to believe that they are limited to another rehabilitation and betterment contract under which about $10 million worth of work would be accomplished.

In exchange for this effort, the district would be obligated for 40 years at a level requiring the total resources of the district. This approach is unacceptable to the district for two reasons.

First, the computed payment requirement is based on an entire rehabilitation of the project, yet the Bureau proposes to accomplish less than one-third of the needed work.

Second, the district is of the strong opinion that any more piecemeal rehabilitation does not address our problems. It would be like putting a shin plaster on a broken leg.

I would like to talk a little bit about water supply and the benefits of the rehabilitation from that standpoint. The numbers that I am going to give you are taken from our district records and represent the last 3 full years average.

We have released from the storage for irrigation 135,000 acre-feet of water per year, and we have delivered to farms 66,000 acre-feet per year.

This represents a loss in transit of almost one-half of the amount released. Compared to modern irrigation projects being built by the Bureau of Reclamation, this is a very poor performance.

For design purposes, the Bureau is understood to estimate or project canal and lateral seepage and operation losses at 35 percent of gross diversions. We would expect our rehabilitated project to approach this level of performance.

It can thus be seen that the proposed plan has the capability of increasing farm deliveries by about 20,000 acre-feet of water per year. This would certainly qualify our project for a water conservation project whether the salvaged water was used for increasing the adequacy of the irrigation water supply or whether the water was reserved for in-stream or in-reservoir use.

The next subject I would like to discuss briefly is that of operation and maintenance costs. Under our present contract with the Bureau of Reclamation, we are obligated to levy O. & M. charges against our lands on a uniform basis, irrespective of the land class involved.

This year, the O. & M. levy is $8.12 per acre. Over the past 3 years, the average levy for this purpose has been roughly $7.10 per acre. This, we understand, is how the Bureau projects O. & M. costs for planning purposes, and for our purposes here today, we would like to make the same assumption, although commonsense argues that there will be some continued inflation in this item. The thing that is hard to get a handle on is how much savings we can expect on O. & M. after the project is rehabilitated.

We assume a savings of perhaps 20 percent in such costs, and this would allow the project, before inflation, a significant amount of our present O. & M. assessment to be available for repayment.

Indeed, we hope that when the final studies are completed, that we might be able to attain repayment before inflation of something on the order of 25 to 30 percent of all outstanding construction costs.

Compared to other general agricultural irrigation projects in this part of the country, we would be considered outstanding. Moreover, our data doesn't take into account any indexing of payment capacity on account of increases in price levels, nor does it take into account any additional payment capacities that could be generated by the salvaged water.

So we believe that when all of these things are taken into account, if Congress cannot see its way clear to pass our proposed legislation, that it would be about the same as saying that it never intends to authorize any more projects; for you simply are not going to find a better one.

In closing, let me repeat our appreciation to the subcommittee for taking the time to come to Newell and to hear our story.

This concludes my prepared remarks, and my associates and I will be happy to answer any questions that you may have.

Senator ABDNOR. Thank you, Mr. Donaldson. Mr. Skjoldal, do you have any statements you want to put in the record or anything to say here?

Mr. SKJOLDAL. No; not at this time.

Senator ABDNOR. Well, first, I will tell you one thing: It's heartwarming to hear your understanding of the condition and the situation in the United States that the Government's in today and what we are trying to do.

What you said certainly is a most sensible statement that this is the time to get a project started. And if this works out like a lot of us think it is, we are going to have the money someday soon, hopefully, to get this show on the road. And that is what our hearings are all about, and I certainly commend you, Bob, and actually your entire board, because over the years of dealing with you gentlemen, you have been extremely cooperative and understanding of what we are up against when we try to bring about legislation like this.

And again, I think it was very clearly said today with your statement, and we thank you for it.

I was wondering—are you unhappy with the overall performance of the Bureau of Reclamation?

Mr. DONALDSON. Not necessarily the overall performance, but we do feel that they have not continued after the program was proposed to push for reauthorization of the project.

Senator ABDNOR. I was wondering when we were talking about this seepage, did Mr. Marcotte's figures compare with what you thought the seepage was?

Mr. DONALDSON. Yes.

Senator ABDNOR. We were talking about the repayments: I am just wondering, I think the 8 percent or so, whatever the percentage was, is quite high. Do you happen to know how it compares with other projects around the country?

Maybe Mr. Casey would gives us that because he is well-versed on projects around the country.

Mr. CASEY. I don't have any firm data, but I have been associated with the authorizations of Pick-Sloan since War World II. And with the exception of the Riverton reauthorization, we have never had a unit that showed at the time of authorization that the water users could repay 25 percent or more.

And on that basis, this investment would be quite outstanding.

I might mention one project that has been authorized about 18 years, that at the time of authorization could pay 7 percent. And its cost is up about 800 percent now, so I don't know what an up-to-date analysis would show on that.

So that just puts the Belle Fourche rehabilitation in some kind of a perspective.

Senator ABDNOR. Well, the 25 percent does seem to me that that figure is extremely high. I was wondering, maybe I could ask Mr. Brown, what does something like the Garrison, what does that figure out?

Mr. BROWN. Well, I think that was the example that Mr. Casey cited.

Senator ABDNOR. Oh, was it?

Mr. BROWN. The initial return was, I believe, 7 percent. Am I correct on that, Mr. Casey?

Mr. CASEY. That's correct.

Senator ABDNOR. Well, I asked it, so it's my fault if I brought that up, but I think it's important that it be shown on the record that there are some comparable projects.

Mr. CASEY. Mr. Chairman, I do consulting work for the Garrison, and they have got so many problems today that you bringing that out won't embarrass them at all.

Senator ABDNOR. Well, let me say when I heard your initial statement here, Mr. Donaldson, you were pointing out that the project was approved in 1904, and it was built during the period of 1905 on. I thought my heavens, I wish there was some way we could go back to that kind of a program to start construction as rapidly as that went through.

And it looks to me like if that was haste, it served pretty well, 75 years—a period of time equal to anything like it in the United States, so it must have been well done.

It might be something for me to tell the fellows back in Washington that there was a time that you could get a project built and expedited much more rapidly than you can today.

Well, I think that pretty well covers it. I think that was an excellent statement. That's going to be excellent testimony in the record for justification of the project. We thank you all very much.

BEST COPY AVAILABLE

Mr. DONALDSON. Thank you, Mr. Chairman.

Senator ABDNOR. Our next witness is Mr. Ken Wetz, Newell City Commission. He will be speaking on behalf of the city of Newell.

Well, Mr. Wetz, we welcome you to the committee. Again, your statement will be printed in the record. You may proceed any way you care. You may read it or summarize it, either way.

We are happy to have you here today.

STATEMENT OF KENNETH WETZ, MEMBER, BOARD OF CITY COMMISSIONERS, NEWELL, S. DAK.

Mr. WETZ. Thank you, Senator Abdnor and other community members. My name is Kenneth Wetz, and I am a member of the Board of City Commissioners for the city of Newell. I am speaking on behalf of the commissioners and the mayor of this town. We welcome you to our city.

Senator ABDNOR. Thank you.

Mr. WETZ. We strongly support the board of directors of the Belle Fourche Irrigation District in their effort to seek reauthorization of the Belle Fourche irrigation project.

The rehabilitation of the project can only have a positive effect on the business community of this town. Most of the people living in and around Newell are dependent, either directly or indirectly, upon the agricultural production of the surrounding area.

Improving the project would help the area's farmers better utilize their financial and water resources, making them more competitive with other agricultural producers in this region. That would, in turn, bring a better quality of life to the people of Newell and the surrounding areas.

Newell grew and flourished during the original construction of this irrigation project. If it were not for the project, it is very likely that Newell would have suffered a slow death and became only a memory like so many small South Dakota communities have.

The reauthorization of the project would stimulate business activity in this town to keep the economic base of this community sound. The improvements in the project would stimulate increased agricultural production and this would, in turn, be making the economic base of our town more stable.

The past 2 years have made the residents of this area painfully aware that water is very precious to us. The shortage of water for agricultural purposes, along with depressed livestock prices and high interest rates, have been almost devastating to this area. Better utilization of the water we have would help us. Therefore, I urge you to support the reauthorization bill.

Senator ABDNOR. Thank you. Thank you very, very much, Mr. Wetz, and we appreciate that for the record because I know what this project means to the community and to the economic base of the whole area. I am sure that's going to be a great consideration on the project.

We thank you very much.

I am going to do a little revision here in our schedule of witnesses. Some have to leave probably before we would get to them in the proper order, so at this time I am going to call up some of the bankers in the area.

BEST COPY AVAILABLE

We would like to have Mr. Jones, Mr. Zell, Mr. Hanson, Mr. Wennberg and the representative from the National Bank of South Dakota, Sturgis please come up. I think we can provide chairs, and we will take this as a panel, if we might.

I am sure you bankers and businesses can all get together that long at one table. This is the one subject we have got you all thinking alike on, and we all agree that it's a subject of great interest to the community and the area.

I don't know if you gentlemen all have separate statements? If you do, fine. I think I am correct in saying the only one of you gentlemen with a prepared statement is Mr. Jones—Mr. Wennberg, do you have a written statement?

Mr. WENNBERG. I have a prepared statement.

Senator ABDNOR. Fine. We will call on you as we go along. We will start out with Art, then. Mr. Jones, as I said, your whole statement and this little pamphlet you are submitting will be placed in the record. You can take it from there.

STATEMENT OF A. W. JONES, PRESIDENT, TRI-STATE NATIONAL BANK, BELLE FOURCHE, S. DAK.

Mr. JONES. My name is A. W. Jones, president of Tri-State National Bank. I will read my prepared statement.

I am a native of the area, and as a boy I lived and worked on a farm under the irrigation project. For the last 35 years, I have been a banker in Newell and Belle Fourche working with the farmers who live on the project.

I consider myself knowledgeable on the project. I was involved in the program to secure authorization for the new spillway and riprapping of the face of Orman Dam.

The original project was started in 1906 and has served well, but it is long past the time when it should have been updated. The delivery system is obsolete, and much of the water is lost en route to the farms.

The Belle Fourche irrigation project is an integral part of the economy of a wide surrounding area. With this letter, I am submitting a map of the tristate region showing the broad area affected by the project.

Crops produced on the project are valued in excess of $5 million annually. This includes 50 to 60,000 tons of alfalfa hay and over 750,000 bushels of grain.

During the summer, while crops are raised on the project, livestock is grazed on the surrounding ranges. In the fall and winter, a portion of the livestock moves into the project to be fed before being shipped to market. Young breeding stock is also wintered on the project and returns to the range in the spring.

The livestock, of course, is fed the hay, corn and grain, and roughage raised on the project. In addition, thousands of tons of hay and grain go out to ranches in the three State area for supplemental winter feed to maintain basic herds.

It's a closed circle, and efficient, since nothing travels very far until the livestock is ready to go to slaughter from the project or to eastern South Dakota and Iowa feedlots.

When crop production falls off on the project, the cost of livestock feed zooms; the ranchers cut back their breeding stock; production of beef, mutton, and wool falls off; and the economy of the area suffers; and the meat markets of the Nation are denied a portion of their supplies.

In closing, I would remind you that normal precipitation for this area is less than 14 inches, and the Belle Fourche irrigation project is good insurance during drought years.

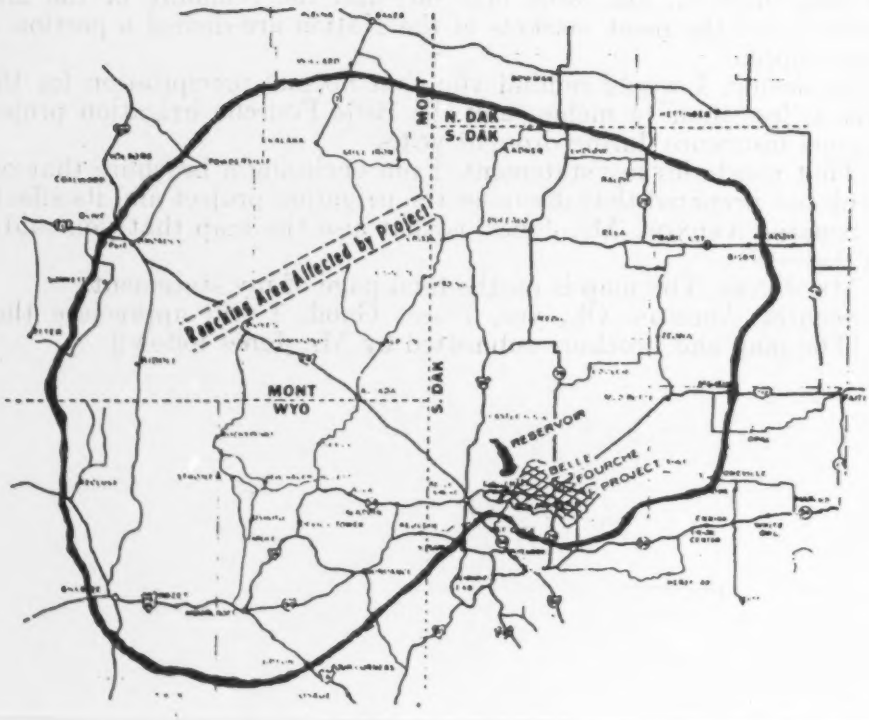
That concludes my statement. I am enclosing a brochure that our bank has prepared that discusses the irrigation project and its effects.

Senator ABDNOR. Mr. Jones, is that also the map that you said is in the——

Mr. JONES. The map is on the final page of my statement.

Senator ABDNOR. Oh, yes, I see. Good. I will appreciate that.

[The map and brochure submitted by Mr. Jones follow:]



BEST COPY AVAILABLE

This brochure courtesy of the

TRI-STATE NATIONAL BANK

Box 938 Phone (605) 892-2041

Belle Fourche, South Dakota

The Tri-State Area's NEWEST Financial Institution.

- Organized by residents of the area to serve the area.
- Over 300 stockholders, most of them living in the area, showing confidence in their community.
- Over 7 million in deposits in it's first 12 months.

TRI-STATE NATIONAL BANK

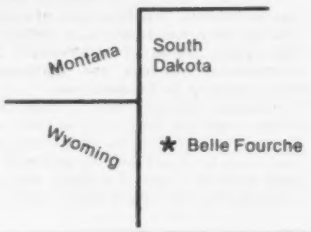
When a bank is owned by the people it serves, it serves the people better.

Reorder

Belle Fourche
South Dakota

and the

Tri-State Area



A dynamic, diversified and growing economy . . .

Read about it →

BEST COPY AVAILABLE

Ranching . . . Farming . . . Irrigation . . .

DIVERSIFICATION IS STRENGTH

Diversified agriculture is the base. Add mining and mineral processing, some tourist business, a retail center and a hard working population whose roots go back to the pioneers of the west and you have the Tri-State Area which surrounds Belle Fourche—21,000 square miles of primary service area with a broad economic base that sustains the region thru good years and bad.

Belle Fourche and the Tri-State Area are young. Belle Fourche, born in 1891, is not yet 100 years old.

The history of the region goes back to the days of the big cattle outfits, to the days when Belle Fourche was the largest primary cattle shipping point in the country. Big cattle outfits have been replaced by family owned units. A sugar beet industry has come and gone and with it a sugar processing plant that employed over 250 persons. A brick and tile industry has come and gone. Thru it all Belle Fourche has not only survived, but grown. New and bigger industries have replaced the old.

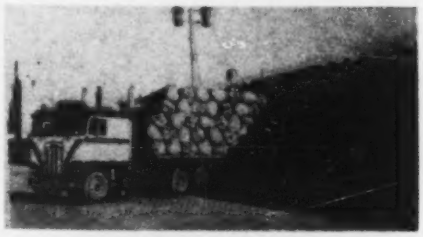
AGRICULTURE PROVIDES FOUNDATION

Over 150,000 head of cattle, over 250,000 sheep, seven million pounds of wool, over 325,000 tons of hay, four to five million bushels of grain over 20 million pounds of milk, almost a half million pounds of honey . . .

Those are some of the average annual production figures from the 13 million acres of range and cropland and the more than 65,000 acres under irrigation in the four-county region of northwestern South Dakota, southeastern Montana and northeastern Wyoming which make up the Tri-State area.

Although average rainfall ranges from 12 to 18 inches, there are years, such as 1980, when the figure amounts to less than half that amount, but residents find ways to adjust and the existence of the massive Belle Fourche irrigation project helps to maintain an economic balance even in the dry years.

Typical scene at the Belle Fourche Livestock Exchange



Unloading wool at Belle Fourche

LOTS OF WOOL, QUALITY CATTLE

There's been a resurgence in the wool and lamb markets in the U.S. and South Dakota and Butte county have been leading the way. Many ranchers have been rebuilding their flocks as prices improve. Sheep numbers have been growing steadily from the 250,000 population of 1976.

Belle Fourche is the wool handling center of a region that extends for a radius of 300 miles. Seven to eight million pounds of wool are handled annually at Belle Fourche. Bid sales of the Nation's Center Wool Pool at Belle Fourche are becoming one of the recognized markets in the country.

The Farmers Ranchers Wool Warehouse and the North Central Marketing Corporation handle the millions of pounds of wool brought to Belle Fourche each year.

As important as cattle numbers are to the area, the quality of the cattle draws equal attention. Tri-State area cattle have a reputation for tremendous growth potential when transferred to the cornbelt for feeding. Area livestock finds a ready market thru livestock exchanges at Belle Fourche and St. Onge and thru the O'Donnell Sheep and Wool Company and Henry Thompson Livestock.

Over $135 million dollars worth of livestock was sold in the Belle Fourche area alone in the last year.

The Belle Fourche Livestock Exchange handled over $50 million dollars worth of livestock in 1979. With 46 employes it is one of the largest commercial employers in the area with a payroll of almost $200,000 annually.

Over 87,000 cattle, 123,000 sheep and 19,000 hogs were marketed at the exchange in 1979 with over 6000 cattle sold in one day and as many as 14,000 sheep in a day.

Mining . . . Bentonite . . . Manufacturing . . .

Meanwhile at St. Onge, just 10 miles southeast of Belle Fourche, the Madden Livestock Market reported sales of $85,271,480.38 for the last fiscal year, with 176,776 cattle, 11,781 hogs and 2773 horses. The firm employs 45 persons.

Irrigation is key to area stability

IRRIGATION, THE STABILIZER

The 55,000 acre Belle Fourche Irrigation Project was one of the first Bureau of Reclamation projects in the country. Water is provided by Orman dam, located nine miles east of Belle Fourche. A recent $3 million rehabilitation project at Orman provided a new spillway, new rip-rapping for the dam face and increased the storage capacity by 24,870 acre feet.

The reservoir with a 52-mile shore line is the largest in western South Dakota west of the Missouri river and provides the lifeblood for the project which produces upwards of $4 million worth of crops annually, along with livestock feeding operations.

Efforts are currently under way to secure re-authorization of the Belle Fourche project. This would clear the way for improvement of the water distribution system, which would cut water loss dramatically and make it possible for more water from the reservoir to reach the crops.

Alfalfa is one of the major crops on the irrigation project. Research is helping farmers to increase their acreage returns dramatically. The project also produces corn, grains and beans. Alfalfa is also becoming a big crop on the dry land portions of the area as more ranchers drill wells, level land and install gravity and sprinkler systems to augment their livestock production.

BENTONITE—KEY INDUSTRY

The "Clay of 1000 Uses" is another factor in providing a stable economic base for the area. The "clay" is sodium bentonite, a highly adsorbent material used in drilling oil wells, in foundry work and in the taconite industry (pelletizing low grade iron ore). There are hundreds of other uses from toothpaste, to cosmetics to the wine industry.

Bentonite is estimated to be a $50 million business in the area, affecting over one third of the Belle Fourche residents directly or indirectly.

The clay is mined in open pits, is processed in four plants in the region and shipped to all parts of the world. It's not uncommon to find orders from Southeast Asia, the Middle East, and Butte county being processed on the same day.

One of several area bentonite plants

One of the plants, American Colloid, is located about a mile west of Belle Fourche. Three others—Federal Bentonite, International Minerals and Chemicals and Baroid Division of NL Industries—are in the Colony area at the end of the C & NW railroad line about 18 miles west of Belle Fourche.

Over one third of the world's production of this type of clay is mined and processed in the Belle Fourche area.

NATURAL GAS OUTPUT CLIMBS

Natural gas production in the Tri-State area increased dramatically in 1979, according to Fred V. Steece of the western field office of the South Dakota Geological Survey. At year's end 10 wells producing gas from the Shannon formation in the West Short Pine Hills in Harding county were delivering an average of 2.5 million cubic feet per day to a Montana-Dakota Utilities Company pipe line.

Oil Fields . . . Natural Gas . . . Timber . . .

Exploration for oil was concentrated in Harding county's established fields in 1979. Drilling for both oil and gas and seismic exploration continues in the area, particularly in Harding county where five to seven seismic crews were at work in 1980.

Oil production totaled 846,055 barrels in 1979, major part of it in Harding county, while gas production totaled 901,159 million cubic feet, most of it from the West Short Pine Hills.

Southeastern Montana has also seen extensive oil exploration. The Belle Creek field in Carter county has been producing for several years. Substantial oil production also occurs in Wyoming on the western fringe of the Tri-State Area, the same area where some of the country's largest coal mines are located.

LUMBER INDUSTRY . . . Stalled

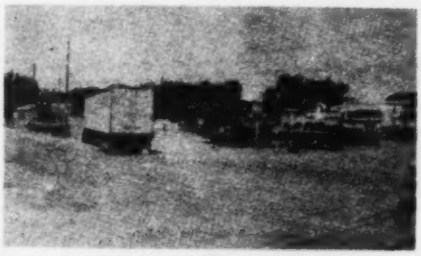
One of the growing industries of the area—until 1980—was the logging and lumber business. Dramatic gains were recorded until the collapse of the housing market.

Much of the timber handled in the Belle Fourche area comes from the Bear Lodge district of the Black Hills National Forest, to the south and west of Belle Fourche. The Forest Service in that district sold 12,560,000 board feet of logs in 1979 along with 1986 cords of products other than logs.

A large part of the logs are processed in the area. Sawmills at Hulett on the Belle Fourche river in northeastern Wyoming have become a major industry in that community. Belle Fourche Sawmills in Belle Fourche handles a portion of the production and there are numerous other operations in the area.

Lumber industry growing in area

The heart of the Tri-State area lumbering industry is in the Bear Lodge Mountains of northeastern Wyoming. Firms such as the Devils Tower Forest Products Company at Hulett have been utilizing the timber resources to an ever-increasing degree and once the current housing slump ends, even greater growth is anticipated.



Port of Entry — 78,000 trucks per year

ROAD, RAIL TRANSPORTATION

Three hard-surfaced highways (U.S. 85 north and south, U.S. 212 east and west and S.D. 34 west) serve Belle Fourche along with the Chicago & North Western Railroad and a privately owned airport.

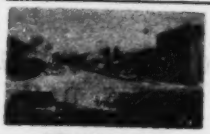
In spite of the high cost of gasoline, over 80,000 truckloads of various items originate or pass thru Belle Fourche annually. The port of entry at Belle Fourche reports 78,338 trucks checked in 1979, an increase of about 3000 in three years. This represents about 90% of the truck traffic moving thru Belle Fourche. Ten miles to the south is the interchange on highway 85 which provides access to Interstate 90.

Unlike many rail lines today, the C & NW line originating at Colony and Belle Fourche is not only paying its way but represents a substantial contribution to the company's revenue. About 20,000 cars of rail freight originate in Belle Fourche annually, most of them bentonite. One, and sometimes two trains move out daily.

Bus service is provided daily between Belle Fourche and Rapid City, with stops in Northern Black Hills towns and connections with both intra-state and interstate lines at Rapid City.

BEST COPY AVAILABLE

Highways . . . Rail Service . . . Schools . . . Hospitals . . . to help build quality of life



Belle Fourche main street — always busy

BELLE FOURCHE STILL GROWING

Despite several economic setbacks, Belle Fourche has shown a steady growth since its beginning. Preliminary reports from the 1980 census show 4800 people in Belle Fourche proper, a figure which may be increased substantially when the final count is in.

The increase in utility service outline substantiates the growth. In 1960 there were 1400 water meters, an increase of about 10% since 1970. There were 1820 natural gas meters, up from 1782, even with new home installations for two years. The number of light meters now stands at 2336.

Property valuation in Butte county is currently listed at $145,280,373, of which $64,501,880 is in Belle Fourche.

The 1980 census shows Butte county's population has grown 4.6% between 1970 and 1980 to 8206. This at a time when most agricultural areas show a decline. Belle Fourche population climbed 8.69% from 4336 in 1970 to the preliminary count of 4800 in 1980.

RETAIL AND SERVICE BUSINESSES

Ranchers, farmers and small town residents from an area 100 miles east, south and west do their essential commodity buying in Belle Fourche.

The city's 220 licensed retailers are the Tri-State area's primary source of food, clothing, lumber, hardware, petroleum products, farm equipment, automobiles, feeds and other necessities.

Retail sales in Belle Fourche totaled $84,323,091 in 1979, an increase of $6 million over the previous year. Retail sales in Butte county totaled $87,520,130 in 1979, an increase of $7 million over 1978.

Retail businesses are supplemented by a wide variety of service shops — automotive, dry cleaners, plumbers, electricians, lockers, hair dressers, florists, printers — you name it. The city boasts two outstanding franchise shops and an electric motor repair facility of the quality seldom found in communities this size.

Per capita income in Butte county in 1978 — the latest figure available — was $7737. Total personal income in the county was listed at $49,071,000.

UTILITIES AND COMMUNICATIONS

Despite consistently growing demands for energy, Black Hills Power and Light Company has been able to keep ahead of demand for electricity in the area with the construction of new facilities. The four rural electric cooperatives — Butte, Grand, Tri-County and Grand River, have also kept up with demand and are part of the Basin Electric organization which is also adding new power capability.

The Tri-State area is fortunate to have 2 natural gas supply in its own back yard. Montana-Dakota Utilities Company has completed gas lines and distribution in Harding county to add to its supply from other parts of the region. MDU has been a major home fuel source in the area. However, industrial users are turning to coal, which is in plentiful supply in nearby Wyoming.

One industrial user has turned to sawdust and wood chips as a source of energy for its drying kilns. The material is readily available in the area from the lumber industry.

Telephone service is provided by Northwestern Bell Telephone Company in Belle Fourche and surrounding rural areas and by West River Cooperative, Montana-Bell and Montana Bell.

Communications media include The Daily Belle Fourche Post, Weekly Belle Fourche Bee and radio station KBFR in Belle Fourche along with weekly newspapers in Newell, Sundance, Bronchs, Rhinelm and Buffalo. Television is available thru stations at Rapid City, plus cable TV.

FINANCIAL INSTITUTIONS

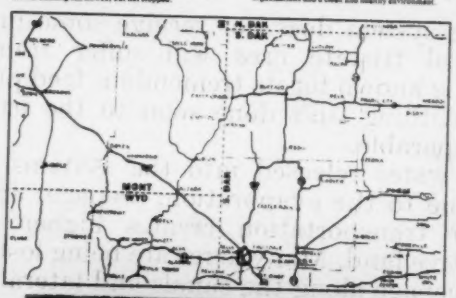
The growth and strength of financial institutions is a measure of business activity in the Tri-State area. Bank deposits approach last million with loans of about $36 million.

A new institution, The Tri-State National Bank, was opened in September of 1979 and within 19 months had recorded deposits of $6 million. The facility is the first national bank chartered in Western South Dakota in 34 years.

Banking facilities include The First National Bank of the Black Hills, Belle Fourche office; The Bank of Belle Fourche (with a branch at Spearfish); First Federal Savings and Loan (which has announced plans to construct new quarters in Belle Fourche); Federal Land Bank Association and the Northwestern Production Credit Association which handles ranch and real estate loans. In addition, there are local banks in Newell, Sundance, Bronchs, Rhinelm and Buffalo.

STILL BUILDING

Despite a slowdown in the economy, construction work continued in the Belle Fourche area in 1980 with the completion of $1,390,000 in additions to the Belle Fourche school complex and a $750,000 North Belle Fourche RUD reloadStation project. Work was completed on the rebuilding of highway 212 from Belle Fourche to the Wyoming line and a $350,000 expansion program by a local supermarket was completed. Residential building has slowed, but not stopped.



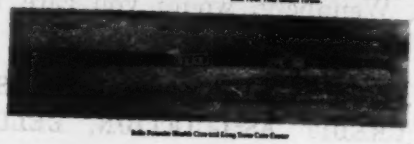
This is auto country — most trade hands survive

HEALTH CARE-PROFESSIONAL SERVICES

The Belle Fourche Health Care Center — a 50-bed hospital and doctor's clinic — was completed in 1976 at a cost of $1,750,000. Within two years a 100-bed nursing home adjacent to the center was completed. The complex now serves residents from all corners of the area.

Four physicians, three dentists, a chiropractor and an optometrist provide medical, dental and sight services for the community.

Other professional services are available from 14 attorneys, four veterinarians, three accounting offices, and four real estate firms.



Belle Fourche Health Care and Long Term Care Center

EDUCATIONAL SYSTEM

Belle Fourche has just completed a $1,390,000 building expansion program, enlarging one of the three grade school complexes and the high school. The Belle Fourche system serves about 1500 students with 80 certified personnel and about 70 non-certified people. There are two school districts in Butte county. The Newell district serves about 600 students with 46 certified personnel and 30 non-certified. The district completed a building expansion program two years ago.

One of the Belle Fourche grade school buildings

CENTER OF THE NATION

Following admission of Hawaii and Alaska to the Union, a point along U.S. Highway 85 about 23 miles north of Belle Fourche was designated as the geographical center of the United States. Since that time a rest area has been established at the point and unique "stone jotmobel," commonly called Shoepender's Monuments, have been preserved there as a reminder of the area's background.

Here, in the heartland of America, one can find the true quality of life in the churches, schools, recreational and entertainment facilities, financial and service organizations and a clean and healthy environment.

RECREATION AND ENTERTAINMENT

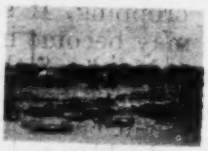
Some of the finest antelope and prairie deer hunting in North America can be found in the Tri-State area. There are open seasons for hunting grouse and sage hens and ducks, for fishing pike, trout, bass, bluegills, crappies and catfish. Orman Lake is a popular gathering spot for fishermen, boaters and water skiers during normal seasons.

The Belle Fourche Country Club welcomes golfers to its challenging nine hole course. The Center of the Nation Sportsmen's Club offers trap shooting and rifle marksmanship competition.

Five parks, four with recreational facilities for children, three with tennis courts, a municipal swimming pool and an elaborate softball complex provide summer recreation.

Tourist attractions include the Tri-State Museum and the Buckskin Johnny Spaulding cabin.

Fifteen minutes to the south rise the Black Hills of South Dakota and all the attractions provided by this natural wonderland. To the west are the Bear Lodge mountains, an area relatively unaffected by tourist traffic.



Softball complex — fun for all ages

ACCOMMODATIONS

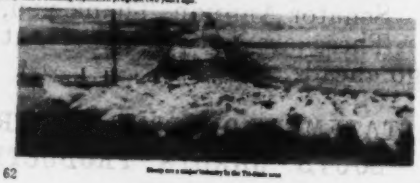
Seasonal influxes of vacationers and hunters, commercial meetings and organizational gatherings have created the facilities to handle such events, providing excellent food, lodging and meeting facilities.

There are seven motels with accommodations for over 450 nightly. The community provides eight restaurants, several outdoor drive-ins. There are meeting areas at the Community Hall and in several business places as well as private clubs which provide year around service.

HOME OF THE ROUNDUP

Belle Fourche is the home of the Black Hills Roundup, a July 3-4 rodeo staged for the 61st time in 1980. It is the granddaddy of all rodeos in the upper midwest and played a key part in the development of rodeo into the sport it is today. Miss Rodeo South Dakota is selected each year at the Roundup.

It was in the Tri-State area that Father Dan Murray established Sky Ranch for Boys, a youth rehabilitation center on a 1000 acre spread straddling the Little Missouri River in western Harding county and named Carter county — about 10 miles northeast of Belle Fourche.



Sheep are a major industry in the Tri-State area

BEST COPY AVAILABLE

Senator ABNOR. We will go ahead with all the statements and then come back to questions.

Mr. Zell, would you care to be next?

STATEMENT OF ROBERT ZELL, ASSISTANT VICE PRESIDENT, FEDERAL LAND BANK ASSOCIATION OF RAPID CITY, S. DAK.

Mr. ZELL. Thank you. As the area representative for the Federal Land Bank of Omaha, I would like to express my concerns of the Belle Fourche irrigation project. I would also like to state that I am in favor of reauthorization and rehabilitation of the existing system as it is today.

If the existing system does not receive some immediate care and upkeep, the local tristate area will suffer tremendous economic losses. This area is known for its tremendous feed production and cash cropping. If something isn't done soon to the irrigation project, it may become irreparable.

Much of the water released into the systems never reaches the farmers' fields due to the evaporation, seepage, and water loss. This inefficient water transportation creates higher costs and loss of valuable productive land. Many acres are being lost due to soil souring because of the seepage along the canals and laterals.

The tristate area relies very heavily on the yearly feed base produced from this project. Wyoming and Montana are not able to produce sufficient feed, therefore they rely on the irrigators to supply for them also.

Reauthorization is needed drastically to improve the economic situation for the tristate area. Please pass these concerns along to your fellow Senators.

Thank you.

Senator ABDNOR. Thank you, Mr. Zell.

These are out of order, but Mr. Wennberg, would you care to go ahead?

STATEMENT OF FLOYD WENNBERG, VICE PRESIDENT, NORTHWEST SOUTH DAKOTA PRODUCTION CREDIT ASSOCIATION, BELLE FOURCHE OFFICE

Mr. WENNBERG. I'm Floyd Wennberg, vice president of Northwest South Dakota Production Credit Association and manager of the Belle Fourche office. I am a lifelong resident of this area; still have a farm, an irrigated farm, and ranch.

The place was originally homesteaded. My grandfather and father homesteaded in 1905 before the project was started. He was too young to assist on the building of the project. My uncle helped on it. So we have the knowledge of the project since it was started and realize since we were—still are a user, the importance of reauthorization.

As far as in my line of work, we service farmers and ranchers on all of the northwest corner of this State, and we know the importance of this area's feed base. The last 2 years have really brought out the importance of a feed base in this country, because we had to go outside of the area to get feed for our livestock, and it was prohibitive because of trucking.

An awful lot of livestock had to be trucked out of the area to go to the feed. If there is adequate water under this project, there is plenty of feed raised to service the farmers and ranchers within a hundred-mile radius of this project.

I strongly urge reauthorization.

Senator ABDNOR. Thank you. Mr. Hansen?

STATEMENT OF JOHN C. HANSEN, AG. LOAN OFFICER, FIRST NATIONAL BANK OF THE BLACK HILLS, BELLE FOURCHE, S. DAK.

Mr. HANSEN. My name is John Hansen. I am with the First National Bank of the Black Hills, Belle Fourche office. I am an Ag. loan officer there at that bank.

I have some written remarks that I would like to submit.

Senator ABDNOR. You bet. You can read them if you like, or submit them, either way.

Mr. HANSEN. That's fine.

Senator ABDNOR. Thank you.

Mr. HANSEN. Mr. Jones already mentioned the wide area that is affected by the Belle Fourche irrigation project. That area that he talked about is actually our trade area of our bank. It represents southeastern Montana, eastern Wyoming, just a little part of North Dakota, which actually represents about 10,000 square miles.

Now, on an average, I would say between 20 and 30 percent of our customers depend on the irrigation district. That is, they are purchasing feed from the irrigation district in the form of hay and ear corn, which represents their main source of energy and protein.

Now, our drought that we have had in the last winter and the last couple of years, that percentage has drastically increased to an estimated 40 to 50 percent of our producers are looking for feed, and they will purchase this feed out of the Belle Fourche irrigation district.

You can see survival really depends—the survival of the ranchers depend on the irrigation district. And with less feed produced or no feed produced at all, it's going to mean again a cutback in herd reductions, and that's something the rancher in our trade area can't afford.

There is a lot of feeders, lambs and feeder cattle shipped into this area, and in recent years, we have noticed a trend even of registered livestock cattle being shipped into the irrigation district. Here again, the feed availability affects how many cattle come into this area.

With high production costs to include interest of 18 to 20 percent, high fixed costs, the producer will sit across from my desk and we talk in being efficient. You must be efficient if you are going to stay in business. And yet the farmer on the irrigation district is dealing with a most inefficient irrigation system.

He can't continue to operate in this fashion. It's been observed that 50 percent of the water is lost—or I should rephrase that, 50 percent of the water released actually reaches the landowner, and 30 percent of the water that's actually lost to seepage. This is inefficiency, and it's affecting the yields of our customers in the Belle Fourche irrigation project.

They cannot maximize their profits is what it's boiling down to.

The farmer in that irrigation district cannot afford to continue with these high costs where he cannot maximize his profits.

It also has a definite effect on the community of Belle Fourche. That rancher—excuse me, that farmer coming to town has less spending power. He is bringing to town less livestock; he is bringing to town less grain. And it also affects our bank as far as deposits, and it affects our profit buildings, and that's kind of really how it affects us.

So our bank, the First National of the Black Hills, the Belle Fourche office, strongly recommends reauthorization of the Belle Fourche irrigation project, and we think that we should get on with it as soon as possible so the district itself can support the need for the food and fiber demand that there is.

[The prepared statement of Mr. Hansen follows:]

BEST COPY AVAILABLE

FIRST NATIONAL BANK OF THE BLACK HILLS
Post Office Box 669
Belle Fourche, South Dakota 57717
605/892 2651

BANCO®

REHABILITATION OF THE BELLE FOURCHE

IRRIGATION PROJECT

The First National Bank of the Black Hills, Belle Fourche Office, supports the rehabilitation of the Belle Fourche Irrigation Project for the following reasons. First, the Belle Fourche Irrigation Project not only supports the farming and ranching activites within the project itself, but it affects the ranching area that extends into southeastern Montana and northeastern Wyoming. This area is generally considered 10,000 square miles. Year after year, an average of 30% of our customers depend on feed supplies produced on the Belle Fourche Irrigation Project as a source of their winter feed. Due to the drought, an estimated 50% of our customers were purchasing hay and ear corn out of this area. In many cases, hay and ear corn were their main source of protein and energy. Last year was an example of how dependant ranchers are on the Belle Fourche Irrigation Project. During these dry years, survival of most ranchers will depend on purchasing most of their winter feed from producers living on the Belle Fourche Irrigation Project. If reauthorization is not granted, these same ranchers will be looking to other areas for feed purchases. Such areas will include Pierre, South Dakota, an area near Chamberlain, South Dakota, and feed supplies purchased on the Irrigation Project near Miles City, Montana. Purchasing feed supplies from these areas will ultimately increase the ranchers cost of livestock production which they can't afford. If the feed is not purchased from the farmers on the Irrigation Project, the end result may be a cut back in production which will deny the markets their share of the meat. Many feeder calves and feeder lambs are shipped into the Project area for the fall and winter months. Without reauthorization of the Belle Fourche Irrigation Project, crop production will continue to decline which will affect the availability of feed for the livestock shipped into the Project. Also without reauthorization of the Project, availability of feed for the feedlot near Fruitdale which has a capacity of 10,000 head of cattle will be restricted.

BEST COPY AVAILABLE

FIRST NATIONAL BANK OF THE BLACK HILLS
Post Office Box 669
Belle Fourche, South Dakota 57717
605/892 2651

BANCO®

The light of high production cost which includes 18%-20% interest and high fixed costs, the irrigated farmer more than ever before must operate as efficiently as possible. Yet the farmer on the Irrigation Project is dealing with a most inefficient irrigation system, a system that has deteriorated to the extent that it cannot adequately meet today's demand for food and fiber. This means the money we lend is spent inefficiently. Therefore, the producer lacks the capability of repaying his debt. The present condition of the Belle Fourche Irrigation Project has not allowed the farmers to operate as efficiently as they would like. It has been observed that 50% of the water released is actually delivered to land owners. 30% of the water which is released is lost through seepage. This is an inefficiency and because of this seepage, each year more and more land drops in production or goes out of production. It has also been observed that because of no reliable measuring devices, the producers are paying for water they are not receiving or possibly for not enough water. Here again, is inefficiency. This inefficiency is drastically affecting the farmers' potential yields which means they cannot maximize their profit. This will affect his repayment ability resulting in a larger carryover debt each year. These are only two examples of how deterioration on the Belle Fourche Irrigation Project is affecting the farmers. Because of this seepage, deteriorated concrete, silted canals, and inadequate water supplies during periods of limited moisture--this, of course, results in the inability to maximize profits. If rehabilitation is not authorized, expenses due to the deterioration of the project will continue to increase which will eventually put the farmer out of business.

Without rehabilitation, it not only will effect the ranching areas surrounding the Belle Fourche Irrigation Project and the farmers on the project, but it will also have a definite effect on the community of Belle Fourche. A prosperous Belle Fourche Irrigation Project also means a prosperous community of Belle Fourche. This was true when the Irrigation Project was built and it is still

FIRST NATIONAL BANK OF THE BLACK HILLS
Post Office Box 669
Belle Fourche, South Dakota 57717
605/892 2651

BANCO®

true today. Without rehabilitation, it will result in less income for the farmer which actually means less spending power they will have in Belle Fourche. It also means less pounds of meat produced and, therefore, less pounds of livestock marketed at our local market in Belle Fourche. Farmers will also have less grain which will mean less grain sold at our local elevators here in Belle Fourche. As far as this bank is concerned, we feel gradual deterioration of the Project will effect the area of deposits which will ultimately effect the profitability of this bank.

In summary, we feel reauthorization of the Belle Fourche Irrigation Project is a necessity to the people living in the Irrigation Project in the surround area. We also feel restoring reliability in the system and to have the system brought up to modern day standards is necessary to meet today's food and fiber demands.

John C. Hansen

John C. Hansen,
Ag. Loan Officer
First National Bank of the Black Hills
Belle Fourche, South Dakota 57717

Senator ABDNOR. Thank you, Mr. Hansen, for that statement. We appreciate it.

Mr. Walker?

STATEMENT OF BRUCE WALKER, NATIONAL BANK OF SOUTH DAKOTA, STURGIS, S. DAK.

Mr. WALKER. Hon. Senator Abdnor, I am Bruce Walker from the National Bank of South Dakota in Sturgis, S. Dak. I didn't know that we had to make any prepared statement.

Senator ABDNOR. That's fine. You go ahead.

Mr. WALKER. I would say this, you know, any project that is 75 years old, you should correlate it with the human being. How many of us at the age of 75 have never been repaired if we are still here.

Senator ABDNOR. Very good.

Mr. WALKER. I'll also second every one of these gentlemen's comments on this thing. It's not just important to the community of Newell and Belle Fourche, it's important to the entire West River community.

If you will stop and think, this is the only irrigation project that we have got other than Astoria that's sitting in the southwest corner, and the acreage is not near as large as the Belle Fourche irrigation project.

Between my dad and I now, we have been associated in the banking business for 57 years in western South Dakota, and we know how important it has been to the past users of this water, the present users. And I will say one thing, Senator Abdnor, if you would just go down and cross the Belle Fourche River on Highway 34, in the last 2 years, I have never seen that river any bigger. Why? Nothing but the waste of water up at the Belle Fourche irrigation project that these users have had to pay for out of Keyhole, mind you.

I just feel as though something that's been in existence for 75 years, why should we forget it. Let's improve it. We are all willing to sacrifice. Get on the bandwagon. If we just get some help.

And, you know, when we stop and think about some help, let's look and think about what we have done in the Federal Government in helping the elderly. We have got no admonitions against this, but we should think about, OK, we have only got between 3 and 5 percent of the people today that are producing the food for the other 95 percent of the people in the United States.

So many of them, it's not the fault of them, but milk comes out of a carton; meat comes out of a case; and bread comes out of a loaf. They don't think what a small percentage of people today, and their margin of profits, they sure can't look the banker in the eye, and the banker should sure put on blindfolds when you start talking 18 and 20 percent, because what's their net profit? My, oh, my, it's so much smaller than that.

So I feel as though that if we are going to improve inefficiency and for the future of America, not only just here but throughout the whole United States, we are going to have to come in and help the people that are willing to put their name on the line; gamble it to 100 percent. They are the biggest gamblers in all America, Why, Las Vegas doesn't even hold a candle to these farmers and ranchers. We are the greatest next-year country in the world.

BEST COPY AVAILABLE

With that, I say I certainly hope through your efforts, and other Senators and Congressmen, we can get something done for restoration of the Belle Fourche irrigation project.

Senator ABDNOR. Thank you.

[General applause.]

Senator ABDNOR. I just wanted to say, Mr. Walker, you told it as it is.

Mr. WALKER. That's the only way I know it.

Senator ABDNOR. The only thing I can correct you on, the last figures I saw, it said only 3½ percent of the people.

Mr. WALKER. I'm sorry I missed that one-half percent.

Senator ABDNOR. Things are changing in a hurry. We hope it doesn't go any less than that.

But all you gentlemen that testified here are convinced and would say in the severe drought periods that occur here versus other parts of the State where they are without irrigation for support, you think there has been a noticeable difference. I think we have had some testimony, but you could tell it.

Do you think that rehabilitating this project would certainly be more economic for anyone trying to farm it, but do you think it has affected production in any way? I mean that's really what I guess I should ask a farmer, but I guess you are getting the maximum by just using more water, which is, in turn, more costly.

Well, we appreciate that, because you gentlemen are in a position to know and to understand the financial ends of it. You sounded like you all agree that this is a much-needed project and a very important one to the economy of this area and to all of South Dakota and the country.

We thank you for leaving your banks long enough and your financial institutions to come down here and testify in behalf of it. Thank you very much.

Our next witness is an old friend of mine and the mayor of Belle Fourche, Mr. Helmer.

STATEMENT OF HON. ROBERT L. HELMER, MAYOR, BELLE FOURCHE, S. DAK.

Mr. HELMER. Senator Abdnor, first of all, I want to apologize for one thing, and that's the speaker system that we have here this afternoon. It was delegated to me to get the microphones to you, to bring them to Newell.

And we thought we got the best ones we had, that I think we do have, except that it might take about a 5-second orientation on how to run the thing. But if everybody would just hold it when they make a speech and maybe pass it back to you, because I know the people here this afternoon are here to hear your comments, also. And I apologize that we don't have two speakers, but possibly we can just hand them back and forth.

But it's my fault that I didn't realize of the separation here, but hopefully with the effort on everybody's part, we can get you through this hearing this afternoon.

I am here this afternoon also as the chairman of State Water and Natural Resources Board for the State of South Dakota but to speak to you as the mayor of Belle Fourche and to pass on to you a res-

BEST COPY AVAILABLE

olution that the city of Belle Fourche passed at its last regular council meeting, and to get it into the record on behalf of the Belle Fourche irrigation project.

Senator ABDNOR. No objections.

Mr. HELMER. I will read to you the resolution in support of the Belle Fourche irrigation project.

Whereas it has come to the attention of the officials of the city of Belle Fourche, Butte County, S. Dak,. that the Belle Fourche irrigation project is in serious need of rehabilitation; and

Whereas Senate Bill 933 has been introduced in the Senate of the United States by the Honorable James Abdnor and the Honorable Larry Pressler and then referred to the Committee on Energy and Natural Resources and will be considered upon recommendation; and

Whereas, the economy of this entire area is dependent on agriculture and related industry; and

Whereas, during this time of inflation and economic adjustment, the cost of feeding the world must be maintained at the lowest possible level, of which this project plays a very vital role; and

Whereas, such rehabilitation and betterment of this project will benefit not only the agricultural community but will also significantly increase the recreation and fish and wildlife conservation program so necessary to our area. Now, therefore, be it.

Resolved, That the city of Belle Fourche does pledge its support of Senate Bill 933 to authorize rehabilitation of the Belle Fourche irrigation project.

And it's signed by me, Robert L. Helmer, mayor, city of Belle Fourche.

Senator ABDNOR. Thank you.

Mr. HELMER. I'll present this to you.

Senator ABDNOR. Bob, you were testifying in behalf of the Belle Fourche community and city. You are also chairman of the State Water and Natural Resources Board. This was considered a very vital part of your study, wasn't it, the review that you gave to all projects?

Mr. HELMER. Yes, sir, Senator Abdnor. As chairman of the Water and Natural Resources Board for the State of South Dakota, we presented to the Governor of the State of South Dakota a number of projects which the Belle Fourche irrigation project was one of the many important projects for the State of South Dakota.

Governor Janklow has put his support behind this project along with the other projects that are so vitally needed in this State, and it is felt on behalf of the Water and Natural Resources Board, through our secretary, Bob Neufeld, that this project carries a high priority.

And I would be glad to answer any questions that you would have in any category that you like to ask.

Senator ABDNOR. No; that will be fine. Thank you very, very much.

Mr. HELMER. Thank you, Senator.

[Whereupon, a short recess was taken.]

Senator ABDNOR. We are all capable of making errors, but with our panel that we had here, I left out Jim Benson who had a written statement that we are going to include in the record.

He had to leave. I wanted him to stay and testify. We certainly apologize for overlooking him some way on our list because he is a very valuable participant in these hearings. We are happy to have his statement, and it will be placed in the record.[1]

[1] See the appendix.

I'd like to clear up one point, too, for every one. Probably you might not have caught it when Mr. Brown read the chairman's statement, Senator Murkowski, the chairman of this committee.

But he said the record will be kept open for 2 weeks, which means any of you who would like to submit a statement for the record may do so within the next 2 weeks.

Maybe I better have Mr. Brown tell us where to send it to. I'll say this, you could always give it to my office in Rapid City, and Susan will send it in. But maybe I better have Mr. Brown say where the ones that want to send it directly to Washington, how you do it.

Mr. BROWN. If you do wish to send your statement directly to the subcommittee, it should be addressed to Senator Frank Murkowski, Water and Power Subcommittee, room 3104, Dirksen Building, Washington, D.C. 20510.

I might also add that if any of you wish to receive a copy of the hearing, you may send a written request to the subcommittee at that address or contact Senator Abdnor's office, and we will be glad to send you copies. They will probably not be available for about 6 to 8 weeks.

Thank you, Senator.

Senator ABDNOR. Thank you. I think that's important that you all know that, and maybe there is some testimony that needs to be sent that won't be said here today. So feel free to do that.

And again, we wish to reiterate that everything that is said today here for the record will be printed into the record and turned over to the entire subcommittee and the committee and anyone else that would like to see it. That's why this hearing is so valuable and so important, to establish testimony on behalf of the legislation on the project.

So with that, we will continue on. Our next witness will be Mr. Ray Eichler, who is president of the Newell Community Club. Mr. Eichler, we welcome you to the committee. You can proceed, and if you have a written statement, you may read it or turn it into the committee.

STATEMENT OF RAY EICHLER, PRESIDENT, NEWELL COMMUNITY CLUB, NEWELL, S. DAK.

Mr. EICHLER. Mr. Chairman, for the record, I am Ray Eichler, president of the Newell Community Club, and I would like to thank you all for coming to Newell and holding this important hearing for the Belle Fourche Irrigation District.

As president, I wish to welcome you to our community and would invite you all back any time.

The Newell Community Club is 100 percent behind the irrigation district board for the reauthorization of the Belle Fourche irrigation project, and we would be willing to help in any way we can.

I beleive without the Belle Fourche Irrigation District I don't think you would find Newell on the map.

Thank you.

Senator ABDNOR. Well, I say that's quite a statement. I don't know how many would question it. I know it means what a project

like this does for a community like Newell and your whole area. As I said to Mr. Walker, you said it like it is.

Mr. EICHLER. I happen to own a small cafe up on Main Street, so I know——

Senator ABDNOR. You know what it means to have somebody drop in once in a while?

Mr. EICHLER. Yes.

Senator ABDNOR. Well, thank you, Mr. Eichler.

Our next witness is a landowner in the Belle Fourche project, Mr. William Smeenk. Bill, would you care to come forward.

STATEMENT OF BILL SMEENK, LANDOWNER, NEWELL, S. DAK.

Mr. SMEENK. Mr. Chairman, my name is Bill Smeenk. I have owned and farmed an irrigated farm in this area since 1946. I am presently engaged in a family farm and ranch corporation with my sons. We pay water charges on approximately 370 acres of land.

Today I would like to testify in support of Senate Bill 933 and to direct my remarks—most of my remarks specifically to that section of this bill that would increase the 160 acre limitation to 460 acres of class-A land.

The reasons for having this limitation back in 1902 were valid, and they are valid today. However, in light of the changing situation, it is imperative that we reevaluate the number of acres.

We must consider the changing economic situation. The major changes in agricultural technology, also the terrific advances in the cost of investment necessary in machinery to operate farmland.

We also must provide the incentives for young farmers to come back home to the farms.

In the early 1900's certainly the economic situation was much different. There wasn't much money, and there wasn't much money needed. In today's economics we need a terrific amount of money.

Fortunately, modern technology enables the farmer to produce more so that he can have more money. But this modern technology requires that that farmer make a major effort to acquaint himself with all the skills necessary to properly farm.

The amount of machinery that is needed to farm even a small farm to someone like me with a 1930's background and a very good memory of it is mind boggling. It's just inconceivable that we have to have such an investment in machinery.

But I do know in our own situation that we could probably farm twice the number of acres with very little more investment, and by the same token if we only had 160 acres, we would need most of the machinery that we now have.

I think that this business of inducing young people to come back into agriculture is probably a real important issue, and I don't hear too much about it. I don't have the figures, but I am sure the 1980 census would show that agriculture, the average age of people in agriculture is getting quite high. In fact, I think you can see quite a few grey heads out here in this audience today.

If we are going to continue to support the American people in the style to which they have become accustomed and to provide major amounts of food for our foreign friends and enemies, then we are going to have to have young people get involved in agriculture.

BEST COPY AVAILABLE

Let's take a look at a 160-acre agricultural farm. Let's assume that we are going to plant corn. If we look at the ASC County records, we will find that in Butte County where most of the Belle Fourche Irrigation District lies has an average production of 81 bushels per irrigated acre.

If we look at the records, we find that corn was worth $2.91 a bushel last week in Chicago. That 160 acres would generate a gross income of $37,713.16. If we apply those same figures to a 640-acre farm, we will find a gross income of $108,426.60.

Now, the living expense for this farmer is going to be the same on either farm. His knowledge of farming techniques, and so on, is going to be roughly the same. His investment in machinery is going to be only proportionately higher, a very small amount higher.

This is a much more attractive figure, and it gives me a possibility of paying the other expenses on the farm, and the chance of maybe making a profit.

Now, there have been quite a few statements made about the impact of this project on the area, so I am not going to go into that. I would like to mention that while Newell was mentioned as possibly not being here, I would also like to include Nisland and Vale, and to mention the impact that these three towns, plus all of the farms, have over the general economy.

The area outside of this irrigation project is made up of ranches; some of them quite large. But I would estimate that the average family-sized ranch is about 10,000 acres.

This is a dry area. Now, if we look at the Belle Fourche Irrigation District, 68,000 acres, we would have six family-sized ranches. There would not be very much of an impact on the trade area for that type of an operation.

I have long been an advocate of the use of water, the beneficial use of water and what you can realize of it is very evident, if you see a field, an irrigated field, and compare the production with the dry land beside it.

It's expensive, and it's probably going to get more expensive, but the dollars that we invest in irrigation water in this type of a community or county, dry land area, will return more profit than any other dollar that we can spend.

I want to thank this committee for the opportunity to appear here and testify in Newell. Thank you very much.

[The prepared statement of Mr. Smeenk follows:]

STATEMENT OF BILL SMEENK, LANDOWNER, NEWELL, S. DAK.

My name is Bill Smeenk, and I live near Newell, SD. I have owned and operated an irrigated farm under the Belle Fourche Irrigation District since 1946. I presently operate a family farm and ranch corporation with my sons. We pay water charges on approximately 370 acres.

I would like to testify today in support of Senate Bill 933, and to direct my remarks to that section of the bill that proposes to raise the limitation of acreage held by one owner from 160 to 460 acres of Number 1 land.

The reasons for establishing an acreage limitation to one individual are still with us; however, the criteria for determining the number of acres has vastly changed. If we consider the advances since 1902 in farming technology, in machinery investments, and the need to attract young people into agriculture, then it becomes obvious that these acreage limitations must be raised.

Let us consider a 160 acre farm planted into corn. According to the Agriculture Stabilization Committee office in Belle Fourche, the average irrigated corn yield

in Butte County is 81 bushels per acre, so we could expect to have 12,960 bushels of corn. On September 3, 1981, the corn delivered in Chicago was $2.91 per bushel. The gross income would be $37,713.60. If we consider a 460 acre farm we would have at 81 bushels per acre a total of 37,260 bushels valued at $108,426.60. Since the family living expense would remain the same and the machinery investment per acre would sharply decrease, we have a much more attractive economic picture.

It is imperative that we encourage and support the family farmer. The farmers of the Belle Fourche Irrigation District play a vital part in the general economy of Northwestern South Dakota, as well as Eastern Montana and Wyoming. They provide a part of the supplemental feed for livestock over this area. The purchase of lambs and calves by farmers at the local livestock markets have a noticeable effect upon livestock prices.

The small towns of Newell, Nisland, and Vale exist because of the irrigation district. The combined effect of trade from these townspeople and the irrigation farmers has a noticeable effect on the economy of all the Northern Black Hills towns.

I respectfully urge that the United States Congress pass enabling legislation for the rehabilitation and funding for the Belle Fourche Irrigation District.

Senator ABDNOR. Well, thank you, Mr. Smeenk.

Bill, wait a minute. While we are talking about expanding to 460 acres and you have 68,000 acres presently in the system, is there additional acres that can be irrigated, or would it mean one person just irrigating more of the amount of acres that we have today?

Mr. SMEENK. I am not sure that I understand your question.

Senator ABDNOR. Well, my bill calls for going up from 160 acres to 460 acres. My question is would it be one irrigator taking over a couple of other irrigators, or could you expand your own? For instance in your case, could you expand to 460 acres on the land you have, or could you put more of your land that you have under irrigation?

Mr. SMEENK. I think, Mr. Abdnor, that this is a question that could better be answered, perhaps, by the officials of the district. However, there would be quite a major savings in water. And I believe the limitation on the number of acres for irrigation in the project is because of the amount of water available.

There might possibly be some chance of expanding those acreages if there was a major savings in water.

Senator ABDNOR. Thank you. That's all. Thank you very much.

Mr. John Wheeler, manager of the Butte Electric Co-Op of Newell.

STATEMENT OF JOHN WHEELER, MANAGER, BUTTE ELECTRIC COOPERATIVE, NEWELL, S. DAK.

Mr. WHEELER. Thank you, Mr. Chairman. I have no prepared remarks. My name is John Wheeler. I am the manager of the Butte Electric Cooperative, which is headquartered here in Newell, S. Dak.

And we, the cooperative, serve all of the area that is concerned by the Belle Fourche Irrigation District. My comments are that we would support the reauthorization of the Belle Fourche irrigation project, mainly on the basis that we feel that there would be a subsequent increase in production capabilities of the land in this area.

As far as the cooperative is concerned, with the agricultural production and the low prices that these farmers now receive for their commodities, we find it increasingly difficult for these people to pay the bills that we have to send out to them every month.

Now, since the recent changes in the Rural Electrification Act, whereby the Federal Government has increased the interest cost of money borrowed from the Federal Government to supply the electrical services to these people, it's just going to create higher and higher bills.

The environmental constraints that are placed on the generating plants that serve this area have increased the cost of those plants to where the cost of power out of coal-fired generating plant now is almost four times what it was when I became associated with the cooperative.

So we feel that the project should be reauthorized and funded, and we would urge support for that type of program. Thank you.

Senator ABDNOR. Thank you. We appreciate that very much. Thank you, Mr. Wheeler. What you said is absolutely true about the cost of power. Anyone in agriculture certainly knows that.

Our next witness is Mr. Gary Childers, one of the Belle Fourche Irrigation District users. I guess Mr. Ellis' name has been scratched. Is he here?

Mr. CHILDERS. He is going to submit a written statement.[1]

Senator ABDNOR. Fine. Mr. Childers?

STATEMENT OF GARY CHILDERS, FARMER, BELLE FOURCHE IRRIGATION DISTRICT

Mr. CHILDERS. Thank you, Senator, for being here. My name is Gary Childers. I farm in the Arpan area under the north canal.

The type of soil that is on my place is class 3 and class 4, which is a Kyle soil. It is very heavy clay; the water intake is very slow; and the salt build-up is very high in this ground.

The water that we irrigate with is very high in salt, and it is slowly turning all of the ground to an alkali which will not grow anything on it. A sample of water was sent to the Water Quality Lab at South Dakota State University for analysis. It classified as having high salt in it.

Irrigation should exceed crop requirements to enable the moderately heavy salt load carried by the water to pass through the soil.

The very heavy salt load of this water in time will lead to a salt build-up or deterioration of the soil. Right now you can see many places that have gone to alkali, and no crops will grow now or for many years to come.

The U.S. Department of Agriculture Soil Conservation Service in 1976 came out with a book on the soil and what it would do. In their book, on the average, we can get somewhere around 4 ton of hay, 80 bushels of corn and 45 bushels of barley. By the time we sell and pay for everything, a person cannot even break even on today's prices.

We don't even have a good water supply. Almost all our water comes from the State of Wyoming. We are in court and lawyers' fees, trying to get the farmers to quit pumping this water and using it in Wyoming that is turned loose in the Key Hole Dam.

---

[1] See the appendix.

The last 2 years we have had to buy water from the Key Hole Dam in Wyoming, and that charge is put on top of our water bill, and no one can afford it.

The irrigators are paying just about all they can right now. When the dam and canals were put in, it cost about $5 million 70 years ago. We still owe about $3 million of this loan.

With this on top of the $9.4 million that we may have to pay back, how can we pay it back in 40 years, when 70 years never paid back $5 million?

It is a liability that will be put on the irrigators and never be paid off or their children will never see it paid off either. There has been as high as three generations probably on some of this ground, and it still has not been paid off.

If we had good soil and water was good, I may be for it, but now I am very much against it and will vote no on the bill for it is us, the people on the land, that will have to pay this back.

I cannot see the U.S. Government putting out this $42 million on land that should not have been put into farm ground in the first place and will never pay for itself or even be more than a liability to anyone that farms it.

I hope you Senators will stop this now and not let it go any further. Thank you.

Senator ABDNOR. Thank you, Mr. Childers. Are you still irrigating, then, today?

Mr. CHILDERS. Yes; I am still irrigating. I am not irrigating, but we got water; yes.

Senator ABDNOR. You use the water, but you don't put it on the land?

Mr. CHILDERS. Yes; we still irrigate land.

Senator ABDNOR. Oh, you still do?

Mr. CHILDERS. Yes.

Senator ABDNOR. I mean, are you going to continue to keep doing it?

Mr. CHILDERS. Well, we will continue as long as we can.

Senator ABDNOR. But you are against seeing any additional funding put into the project; is that correct?

Mr. CHILDERS. Well, I don't see how we can pay it off.

Senator ABDNOR. Thank you. We appreciate your testimony. That's what we are here for, to hear all the people. Thank you very much for coming forward with your statement.

I have two other witnesses here. Two other individuals have requested to testify, and we are able to work it into our schedule. The first individual is Norman Fenton. Mr. Fenton, please come forward.

STATEMENT OF NORMAN FENTON, FARMER, NISLAND, S. DAK.

Mr. FENTON. I am Norman Fenton, a farmer, livestock produce and dairyman living in Nisland, S. Dak., and farming 800 acres of land in the Belle Fourche irrigation project.

I want to testify in favor of Senate bill 933, allowing the Belle Fourche project to be reauthorized under the Pick-Sloan Act. This authorization would let the Belle Fourche project enter into a re-

building program that we hope will take the place of some of the piecemeal modernization being done today by many of the valley farmers.

Some of which will have to be redone in order to make a complete program work. So the sooner the reauthorization under the Pick-Sloan Act and a complete rebuilding plan is designed, the sooner any future modernization can be done with the complete plan in mind.

Already there have been many thousands of dollars spent on modernizing projects. One case in point is that this spring we and four other farms installed 6.600 feet of underground pipe on the Old Jenks Lateral at the cost of about $18,000 for material, plus another $18,000 spent by the district for installation of the material.

We did rebuild the complete Jenks Lateral, so hopefully it will not have to be changed in a modernization plan.

But there has been many, many thousands of dollars and many miles of drain tile placed to drain wet spots in fields and to cure seepy fields that would not be needed if some improvements were done on the laterals and the canals.

I feel that this project was built some 70 years ago; that it should still reshare and receive funding from the Pick-Sloan just as well as any newer or new projects or any water development program developed since the time of the Pick-Sloan Act. In fact, I cannot understand why the Belle Fourche project was not authorized under the act when it was first enacted.

Thank you.

Senator ABDNOR. Mr. Fenton, how many acres did you say you irrigated?

Mr. FENTON. I and two other brothers operate 800 acres of irrigated land.

Senator ABDNOR. Do you feel that the efficiency of your operation because you and two brothers have 800 acres is much greater than a person on a quarter?

Mr. FENTON. Oh, definitely. Definitely. It's impossible to farm 160 acres without a part-time job.

Senator ABDNOR. OK, thank you. I just wanted to establish that point. You seem to have experience in it. Thank you.

Our last witness who has requested to testify is Thornton Vallery of Belle Fourche. Mr. Valiery, if you would come forward.

STATEMENT OF R. THORNTON VALLERY, SECRETARY TREASURER, BELLE RIVER PUMPERS ASSOCIATION

Mr. VALLERY. Senator, and rest of the committee, I am here on behalf of not only myself but the Belle River Pumpers Association.

Senator ABDNOR. Would you tell us for the record what that is?

Mr. THORNTON. Yes. The Belle River Pumpers Association was an organization formed only a year ago. There are a number of us that lie on the south border and don't have any land within the district's boundaries but we are on the Belle Fourche River, and we irrigate a number of acres from the Belle Fourche River below the diversion dam.

Basically our ranch lies right at the Nisland area 15 miles east of the diversion dam. There are other irrigators from the diversion dam down to about the Nisland area, in that area.

I have a statement here that we, the duly organized irrigators of the Belle Fourche River Pumpers Association, hereby wholeheartedly endorse and support the reauthorization of the Belle Fourche irrigation project.

We feel this is a very necessary step toward the conservation of land and water under the Belle Fourche project since these elements are South Dakota's most valuable resources.

Because water in this area is a precious commodity, we the people of this association would like to insure that the individuals that have irrigated land which are not under the Belle Fourche irrigation project and who irrigate from the Belle Fourche River below the diversion dam with pumps will not be deprived of our rights or water due to this reauthorization.

In closing, we would like to encourage the members of this committee and the rest of the Members of Congress to support this measure wholeheartedly.

Senator ABDNOR. Mr. Vallery, how many total acres are there in the Pumpers group being irrigated?

Mr. VALLERY. I would say that there are only four people, to my knowledge, that are totally dependent on water from the Belle Fourche River below the diversion dam within a 15-mile area.

There are other people on down that have some land they have developed out of the area—out of the project, and I don't know quite how many, but we have approximately between 600 and 700 acres under irrigation with water rights from the State of South Dakota.

Our only fare is—and I really have no justification in saying this because we haven't had a problem except this year. We had to buy water from Key Hole to supplement what was down, or what runoff or natural springs and freeflow we got back into the river.

Senator ABDNOR. Did you have any trouble arranging for that?

Mr. VALLERY. No sir. We worked with the district here. They were very cooperative. We made arrangements with the power and water, and we hope to continue to do this in the foreseeable future. At this point, we haven't had to buy water, but this year we did.

Senator ABDNOR. Are you under the same assessment that the district is, or are you outside of that?

Mr. VALLERY. No; our assessments, we put in our own plant; we furnished our own pipelines; we maintain our own ditches; we pay our own electric or diesel bills or propane bills; we furnish everything ourselves, so naturally we don't have any assessments.

Senator ABDNOR. How long have you been doing this, how many years has this been going on?

Mr. VALLERY. Senator, my grandfather, and Mr. Kyles originated the Belle Fourche/Orman Dam. They came up with the idea and turned it over to the Bureau of Reclamation.

Ironically, where he homesteaded happened to be about a quarter of a mile south and west of the South Canal and it was not included in the project and so consequently, he has pumped out of the Belle Fourche River for, I don't know, since he homesteaded, I presume. I have, and my father had, and my boys are. We are four generations.

Senator ABDNOR. Well, then there is no doubt in your mind that it's a profitable operation, or you wouldn't have been in it all these years.

Mr. VALLERY. That's right. You can't live without it.

Senator ABDNOR. Thank you very, very much.

Mr. VALLERY. I have this other statement. It's approximately the same. I will just hand it in.

Senator ABDNOR. Fine. We will put it into the record as you wrote it.

Well, this, I think, concludes what I think was a very fine group of witnesses testifying for S. 933 and also those who oppose it. We appreciated the excellent turnout. Certainly I think it shows me and the staff that are here today the great interest that those in the area have. I know you could be out doing your farmwork and all.

This is a problem that we have been wrestling with for a long time. I am sure that the testimony that we received today will be very helpful, and again, we thank you all for coming out.

Would anyone else wish to make a statement?

Oh, Ok. I guess we can go for a while longer. I didn't know there were other witnesses that were asking to testify. Mr. Donaldson tells me there is.

Who wants to be the first witness? Does anyone want to raise their hand and come forward, if you like?

OK. Dave Winkler, we are happy to have you.

STATEMENT OF DAVID WINKLER, CHAIRMAN OF THE BUTTE COUNTY WEED BOARD, PRESIDENT OF THE BUTTE COUNTY CROP IMPROVEMENT ASSOCIATION, BUTTE COUNTY CONSERVATION DISTRICT SUPERVISOR, AND BUTTE COUNTY EXTENSION BOARD MEMBER

Mr. WINKLER. I have been a water user for 15 years on the Belle Fourche irrigation project. In those 15 years, I have seen the steady deterioration of the Bell Fourche irrigation project.

The district has done considerable repair work, but I do not feel that it has kept pace with the aging of the project. If there isn't a major rebuilding of the project, it will soon cost too much for the farmers to maintain, become less efficient, and some time in the next 25 years, it will die.

The Belle Fourche irrigation project needs a total rejuvenation, and now is the time to start it, before it is too late.

There is no farm in the project which could pay the direct cost of rejuvenation plus interest. There are a few long-established farms under good management which might be able to carry the burden if there was no interest charged.

The majority of farms are already under a heavy debt load. No way could a rejuvenation plan pass a vote of the farmers without Pick-Sloan. Many people benefit from the increased productivity from irrigation, and it is only fair that they should share the cost.

Rebuilding the project will increase its productivity in many ways. It will extend its life; it will reduce saline seep in its fields; it will make more water available for crops; it will improve the water delivery to the farms; it will also reduce the weed problems caused by open ditches and poor access.

As chairman of the Butte County Weed Board, I am concerned about the noxious weeds on the irrigation district right-of-way.

The project was built in the horse and buggy days. It has many crooked and narrow bridges. Many lives have been lost on these canal bridges. I hope that in the rebuilding these safety hazards can be eliminated.

My 9-year-old son says that when he gets older, he would like to be an irrigator on the Belle Fourche irrigation project. I hope that he has the same opportunity that four generations of his family before him have had.

I thank you.

Senator ABDNOR. Mr. Winkler, could I just ask you for the record, on your own farm with what land you have now, could you expand the acreage that you are irrigating or have you put under irrigation about all that you can?

Mr. WINKLER. Well, I have 127 acres of irrigated land. I am not totally dependent upon irrigated land for my livelihood. I do dry land farming and have dry land beside. It is virtually impossible to make your living off of only 160 acres of land without either dry land ranching or additional income.

I am not really planning on expanding the acreage that I irrigate. I am satisfied with what I have now.

Senator ABDNOR. Well, could you, if you wanted to, do you think?

Mr. WINKLER. I would just have to buy more land that was under the irrigation district control. As far as to drill a well or to pump, it would be at least 5,000 feet down to water.

Senator ABDNOR. Oh, sure. I was wondering if the new canals and all would give an extra supply of water, is there land there if the water was there?

Mr. WINKLER. Yes; if water was available, I might be interested in using some extra water for irrigating above the canal on what is now dry land.

Senator ABDNOR. Would you go along with the statement that you could probably irrigate another quarter of land with the machinery and equipment that you have?

Mr. WINKLER. Yes; I think I could.

Senator ABDNOR. Well, thank you very much.

I guess we are looking for witnesses here. If anyone would like—bear in mind if some of you would rather not come up, you are very welcome to put into writing your thoughts, your views and submit them.

We would ask you to identify yourself for the record so we can get all of your statement properly.

STATEMENT OF JOE ERK, FARMER AND RANCHER

Mr. ERK. Thank you, Mr. Chairman. My name is Joe Erk, I have been a farmer and rancher for over 35 years, of which 28 of these have been continuous operation of an irrigated farm under the project.

I operate this in companionship with some dry land, so I can verify the facts they were giving on the importance of the irrigated project along with the dry land.

But one item in particular that I would like to dwell on here today is under the Shaw lateral and Baldwin that I receive my water from, these measurements were taken by my ditch rider this spring. And although I realize they are not official, I feel that his ability to measure is very well. And although maybe the actual figures weren't right, it represents percentage.

When I was the only one out irrigating on the Baldwin early this summer, he took a measurement where it was turned in approximately 2½ miles from my place. He turned in 3.5 acre-feet of water.

At the next measurement, a mile and a quarter down the ditch, his measurement was 2.83. Another mile and a quarter down the ditch, which was almost to my property line, he measured 1.87.

We felt that approximately another 300 feet to my property line would have reduced this amount of water to exactly 50 percent of what was turned in 2½ miles from my property.

That is my testimony. So I strongly urge support of this bill.

Senator ABDNOR. Well, thank you, Mr. Erk. That's very valuable testimony, and we are very grateful to have it.

Mr. ERK. Thank you.

Senator ABDNOR. Thank you very much.

Yes. We would just ask you to state your name into the record.

STATEMENT OF RON OLDE

Mr. OLDE. I am Ron Olde. I would just like to clear up on the seep situation. You mentioned that guys might possibly be able to add more land. Well, we can reclaim an awful lot of this land with good liners and pipelines and cement.

Because seep works kind of—well, it takes many years to go—to travel, but it travels. On our farm, for example, we have one, oh, I suppose 15-acre area. And when my father first started farming it, it was 15 acres. The seep from that one ditch—it's bad ditch—probably maybe 3 acres left there. And it's on both sides of the canal, there is a 5-acre field on one and a littler field on the other one.

And I think that with this rehabilitation of this project, we get to reclaim a tremendous amount of land. It's in like a 3 to 5 year period of time, you will see, oh, 50 feet, maybe, move out into your good land that no longer raises anything but pigeon grass.

And that's about all I have to say. I wanted to take this opportunity to thank you for coming.

Senator ABDNOR. Thank you. That is pretty common to all irrigators, I guess, this seepage and acres going out of production because of the salt.

Mr. OLDE. Yes, definitely. And I also should have said, too, that in places where we have put our own cement ditches in, and so on, with careful irrigation, this land does come back. It takes it several years, and you have got to be a little careful. But I know we could reclaim a tremendous amount of ground, you know, around the area. This is just one little farm we are talking about.

Thank you.

Senator ABDNOR. Thank you, We appreciate that information.

Anyone else?

Yes.

STATEMENT OF ORVILLE EDWARDS, VICE CHAIRMAN, BUTTE COUNTY ASC COMMITTEE, BELLE FOURCHE, S. DAK.

Mr. EDWARDS. I am Orville Edwards, vice chairman of the Butte County ASC Committee in Belle Fourche and I am also a farmer. I have been farming since 1960.

And I would like to explain that through the government programs that we out of the Felle Bourche office have spent a lot of Government ASC funds on these drainage projects, which I am very familiar with the whole county and the projects that we have helped.

And I will say that 90 percent of the money that we have given the farmers for these irrigation drainage systems has been largely due to the seepage of the canals and the laterals. And I think this money could be used other ways if we could just get this project reauthorized.

So I am in favor of reauthorization of the project. That's all.

Senator ABDNOR. Have you seen marked improvements from those?

Mr. EDWARDS. Yes, we have seen a lot of improvements. In fact, we have been on some tours the last couple of years, and I really can show you personally situations where the ground has come back already just in a couple of years and we have seen noticeable improvement.

Senator ABDNOR. You are convinced that most of this has been a pretty profitable operation even with the problems we have had?

Mr. EDWARDS. Yes, I think it's been a real profitable and a well-spent way to spend the funds. But I would like to see the project reauthorized so this money could be used other places instead of all these drainage projects.

Thank you.

Senator ABDNOR. Thank you very, very much, Mr. Edwards.

Well, again, maybe Mr. Brown can once more give you the address to send your written comments.

Mr. BROWN. Yes, it's Senator Frank Murkowski, chairman, Water and Power Subcommittee, room 3104, Dirksen Building, Washington, D.C.

And, of course, feel free to contact Senator Abdnor's office. His office will forward to the committee any request that you make.

Thank you, sir.

Senator ABDNOR. Before we bring this to a close, I just want to have Mr. Rogers say a few words. Again, Mr. Rogers is from the same comparable committee over in the House.

Mr. ROGERS. Senator, I would like to thank you for extending an invitation to me to attend this hearing as well as the one tomorrow in Pierre. From what I have seen today, it will prove invaluable when we take the comparabile bill that has been introduced in the House of Representatives up before our Subcommittee on Water and Power within the Committee on Interior.

Thank you very much.

Senator ABDNOR. Well, thank you, Mr. Rogers. Let me say we are just appreciative of you and the guy you work for, my good friend Don Clausen, for having sent you out here because it will be helpful when we get this over into the House and it's taken up. So thank you.

I might say that I appreciate Fran Kunz for the work she is doing here. We are looking forward to having her with us tomorrow. Don't be hesitant to tell me time out, because tomorrow is going to be a long, long day and very interesting, I assure you, covering all kinds for projects in South Dakota. We just don't have enough hours in the day, but we always have time to give you a reprieve to get rested up.

Thank you all. Thank you very much for turning out today.

[Whereupon, at 3:20 p.m., the hearing was adjourned.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

BANK OF BELLE FOURCHE,
Belle Fourche, S. Dak., September 11, 1981.

Re Orman Dam Project.

Senator JAMES ABDNOR,
U. S. Senate,
Washington, D.C.

DEAR MR. ABDNOR: As a member of the Belle Fourche community our Bank has the pleasure and opportunity of working with the farmers and ranchers in the irrigation project as well as those in the surrounding dryland areas in Montana, Wyoming, and South Dakota. We cannot emphasize enough the reliance the ranchers outside the irrigation project have on this project for their hay and grain needs for winter feed. Without this source of feed many of our customers would be out of business.

For the farmers within the project the ability to irrigate should be self-evident since they can utilize the fertile land to its greatest potential giving them, as well as the entire trade area, a better standard of living.

The irrigation project in its present condition is slowly deterioration with actual water utilization estimated at 50%. The canals and their arteries are very much in need of upgrading and repair at this time.

Therefore, we implore you and your committee to take all steps necessary to make this reauthorization project a reality for our area and bring the Orman Dam Irrigation System into a viable, efficient, and up-to-date irrigation system.

Thank you for your time.

Yours truly,

JIM BENSON,
Vice President.

NEWELL, S. DAK., *September 23, 1981.*

Senator FRANK MURKOWSKI,
Chairman, Water and Power Subcommittee,
Dirksen Building,
Washington, D.C.

DEAR SENATOR: I am writing to testify in opposition to the Pick-Sloan funding for the Belle Fourche Irrigation District. My major points of contention are:

(1) Profitability/suitability of lands;
(2) Types of construction needed;
(3) Projected costs;
(4) Silting; and
(5) District directorship/management.

DISTRICT PROFITABILITY

In considering the rehabilitation of this district, one of the first points of consideration must be profitability. "Are the people of the district making a profit?" The answer, of course, is both "Yes" and "No".

We find the district is composed of two different soil types. One type is a sandy loam found in the area irrigated from the South Canal. The second type is the hard clay found in the area irrigated by the North Canal. The sandy loam has always been characterized by its superior drainage and fertility, while the

hard clays have been characterized by their slow intake of water, poor drainage, high alkalinity, and moderate fertility. Over the past seventy years of operation, we have seen the South Canal lands produce outstanding crops on a normal basis, while the North Canal lands struggle to produce crops that could only be described as marginal. We see the present owners of South Canal lands are almost all third and fourth generation farmers/owners, while on the North Canal, we see very few second generation owner/operators. This is due to the high turnover rate of North Canal property. One only has to consult the local real estate statistics to prove this.

Over the past seventy years, we have witnessed the gradual degradation of the North Canal lands. Due to constant irrigating, the "gumbo" lands have been forced to "float" their alkiline salts to the surface, thereby reducing these areas (called seep) to totally useless farmland. Once the land has turned to seep, it takes years and a healthy dollar investment to return them to usefulness, As such, most seeps are left to slowly spread even larger.

This is all to say that, within the District, there are good lands for irrigation, but they are primarily confined to the South Canal. Rebuilding the North Canal for continued irrigation would be a waste of taxpayers money, and the eventual waste of good lands could result. With the costs of farming skyrocketing every year, the North Canal farmer is barely able to break even now, and with the added cost of rehabilitation would be that much further behind. To make any profit at all, a single family farm would need over four hundred acres of irrigated land to make their tremendous costs of machinery pay. But even if Congress gives us the right to own and irrigate that much, where would we get it? To add to his irrigated acreage, a farmer must buy more land on the open market. With irrigated land running from $500 to $1,000 per acre on the North Canal and $1,000 to $2,000 per acre on the South Canal, how is a farmer going to increase his irrigated acreage? At 18% interest and whopping prices, the North Canal farmer, who is already close to going broke, cannot even consider that option.

TYPES OF CONSTRUCTION NEEDED

If the District were to be rehabilitated to the specifications of the Bureau of Reclamation, the District would be in approximately the same shape it is now. Agreed, we would have a new Diversion Dam, some new checks on the Canals, new headgates and sluice gates, and mile after mile of expensive all-weather roads and fencing.

This, however, is only a part of the solution. One of the major problems is water losses through the bottoms of the canals and laterals. This can only be solved by piping all laterals and cementing all canals. The Bureau is onlyr ecommending 4.5 miles of pipe to be installed, with the canals to be compacted. There are over 500 miles of canals and laterals—4.5 miles of pipe is nothing more than a joke. Compaction of the canals won't last through one, maybe two, hard winters. As the frozen ground shifts and heaves, the canals would be cracked again as they are now.

It is anticipated that State and Federal agencies will clamp down on districts with more than 25 percent losses. It is also claimed by the Bureau that Rehabilitation to their specifications might bring this district up to 75 percent. MIGHT! If it doesn't, where are we? If it does, and then the canals and laterals degrade within a few years, where are we?

PROJECTED COSTS

The Bureau claims that Rehabilitation to their specifications will cost a total of $31 million in 1978 dollars. The District Board claims $42 million in 1981 dollars, advancing to $60 million assuming 6 percent inflation over 20 years of Rehabilitation project life.

However, I consulted with a private engineering company from Denver, and their rough estimates exceed $100 million if the project were to begin today, last 20 years, and not include the inherent waste of being federally run. Think of the staggering costs involved if this project were actually attempted. Three hundred million dollars total cost would be realistic. Yet, we are not even reauthorized, let alone funded. When all of the years for these two items are added, the costs soar greater.

SILTING OF RESERVOIR

One very important topic that has yet to be addressed by any District board member is the silt accumulation rate of the reservoir. At its inception, the reservoir was capable of holding about 200,000 acre feet of water. Now, 160,000 is closer to

correct. That represents a 20 percent loss. If the rate of accretion is increasing, as many experts claim, another 20 years could possibly see another 20 percent loss. By that time, the dam could not store enough water to service all the irrigated lands, and even hint at a profit. Basically, many people would have to quit irrigating so others could continue. But who?

DISTRICT DIRECTORSHIP/MANAGEMENT

One of the ironies of this routine matter is that it could have all been averted with proper management. Over the past seventy years, we have seen a history of directors unwilling to appropriate funds for upgrading the facilities that are now so desperately in need of repair. Their only thought was to hold down costs.

We can now look back and see that the last 20 years have been crucial to our present state. Twenty years ago, a new manager was hired by the district. His record over that period of time can best be described as "unacceptable." Over that period of time, we have seen no creative solution to problems, no plans for upgrading the system, no long-range plans at all. When people try to get simple repairs done, we see waiting times of up to four years—for no reason.

Due to his lack of financial expertise, the manager has cost this district untold thousands. Untold because the board will not divulge the details. He is a poor organizer of work and leader of men. It is not unusual to have far more employees than needed, yet work still not getting done.

The District board of directors must share a large part of this blame. They have obviously failed to replace this man. By definition, the board of directors must be land owners of the district. Most directors are excellent farmers, but seem to be poor management specialists, economists, planners, etc. . . . They lack the special skills necessary to run a $500,000/year project.

The point is clear: if reauthorized and funded, would this management team lead us down the same road to project degradation? I feel the answer to that is most definitely yes.

ALTERNATIVES

Obviously, an alternative would be to rebuild the South Canal only, and let the North Canal go dry. This would be unpopular, for it would cost the North Canal owners dearly in property values.

A second alternative is available. The possibility of selling the water rights off the North Canal has surfaced. There is a Texas pipeline company very interested in buying these rights. Hopefully, Congress would support a deal of this nature.

Very respectfully,

KENNETH B. ELLIS.

To Senate Subcommittee on Water and Power.

CHAIRMAN: I believe it is vital to the Belle Fourche Irrigation project to be reauthorized.

The rehabilitation of the project is urgent from the standpoint of land and water management.

With the project repaired to modern standards much land could be reclaimed from seep and water could be saved through more efficient water delivery.

MERLE E. SMITH, *Landowner.*

SEPTEMBER 10, 1981.

SENATE SUBCOMMITTEE ON WATER AND POWER,
Senate Office Building,
Washington, D.C.

GENTLEMEN: I feel very strongly that Reauthorization of the Belle Fourche Project is necessary for its survival. Our directors and management have done a commendable job in keeping the project going this many years and providing water at a very modest cost to landowners. However, our days of patching up and getting by are over; we need to rebuild.

The agricultural economy will by no means allow us to finance such a program by ourselves. Through inflation and project deterioration we are going to spend at least as much struggling along as our share of the cost under Pick-Sloan. Under Reauthorization we can improve instead of falling behind.

I want to see 100% support and let's get started today.

Sincerely,

ROBERT TRAHKIMOINEN.

VALE, S. DAK., *September 11, 1981.*

To Who it May Concern:

We live on and own 640 acres of land in which the Belle Fourche irrigation district south canal runs through. We have a total of about 3 miles of the canal on our land.

We feel that it is necessary for the project to be reorganized, so that renovation of the project can take place.

Seepage from the canal and it's laterals on our place has affected about 25 acres of land. On one 7 acre field seepage is so bad that we cannot plant alfalfa there because it drowns out. We have drainage ditches that only run water when the canal is running water. As soon as the canal is shut off the drainage ditches quit running water.

Repair of a check dam on the main canal on our place is very badly needed, the boards are all about rotted out. Head gates along the main canal and on the laterals are in very bad need of replacement or repair. They leak water all the time.

We need renovation of the Belle Fourche irrigation project, so that we have a future.

We are very much in favor of reorganizing the project.

DANIEL L. DUNN.
LYKN R. DUNN.

○